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THE

HISTORY

OF THE

NATIONAL DEBT.

Galabin and Marchant, Printers,
Ingram-Court, London.

THE HISTORY OF THE NATIONAL DEBT,

FROM

THE REVOLUTION IN 1688

TO

THE BEGINNING OF THE YEAR 1800;

WITH A

PRELIMINARY ACCOUNT

OF THE

DEBTS CONTRACTED PREVIOUS TO THAT ÆRA.

BY THE LATE

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CASHIER TO THE ROYAL EXCHANGE ASSURANCE-COMPANY.

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MONACENSIS

PREFACE.

THE National Debt is confessedly an object of the highest political importance: a work, therefore, tracing the steps by which it has arrived at its present alarming magnitude, cannot but be acceptable to the public. Under this impression the late Mr. Grellier collected the materials from which the present history is formed; and, upon his death, the manuscript was put into the hands of the Editor, in order to prepare it

for publication. In doing this, he considered himself bound, both in justice to the Author and himself, to follow the plan which had been marked out; though it is by no means that which he would have adopted under any other circumstances. Each method, however, has its peculiar advantages; and, had the subject been treated in a more popular and historical manner, it would not have been so convenient for reference, nor would it have contained so many minute particulars as under the present form.

In consequence of the very confused and unfinished state in which the Editor received the manuscript, few passages were suffered to remain without receiving many alterations; and it became necessary, in order to give a clear developement

of the facts, to involve his own statements and remarks with those of the Author. This, however, has been done as seldom as possible; and the Editor has refrained (as much as the nature of the subject would allow) from any theoretical or political observations: not, indeed, from any timidity in expressing his own opinions to the world; but merely from the desire that nothing should appear as the sentiments of the Author which he did not freely avow.

It does not appear that the Author made any arrangement for pursuing the subject beyond the close of the last century, as no memorandum relative thereto was found among his papers; for which reason the History has been made to terminate at that period. This circumstance

is much to be regretted; since the interest and utility of the subject increase in proportion as we approximate towards the present time.

In a work consisting of such a multitude of numerical statements it is scarcely possible to exclude mistakes; a great number of the facts, however, the Editor has himself verified; and he is happy in saying, that their general correctness leaves him no reason to doubt the truth of the remainder.

May 3, 1810.

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ERRATA.

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—— 96,	—— 28,	*for* 3,177,144 : 11 : $5\frac{1}{4}$,	*read* 3,187,144 : 11 : $5\frac{1}{4}$.
—— —	—— 29,	*for* 48,364,501 : 8 : 4,	*read* 48,374,501 : 8 : 4.
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—— 293,	—— 8,	*for* commencement,	*read* conclusion.

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THE

HISTORY

OF THE

NATIONAL DEBT.

CHAPTER I.

Containing an Account of Debts contracted previous to the Revolution in 1688.

THE ancient revenue of the kings of England, arising from land and various arbitrary impositions, was not only sufficient to enable them to support the splendour of royalty and defray the national expenses, which under the feudal system were comparatively small, but also to furnish the means, to such as were of provident dispositions, of hoarding up what were then thought considerable sums. The wealth of WILLIAM the Conqueror was chiefly divided among the churches, the clergy, and the poor; his dominions being bequeathed to his sons Robert and William, he left to his youngest son Henry £5000 of silver.

Henry I. left at his death £100,000, besides plate and jewels of considerable value; and Henry II. lent out money to the poor religious houses, and is said to have left in his treasury £900,000; a very great sum at that period. Extraordinary exertions, or great losses, however, frequently reduced them to the necessity of contracting occasional debts. Thus, Richard I. in order to obtain money for the crusades, mortgaged and farmed the customs and other revenues of the crown.

Henry III. having exhausted the resources of this country, contracted debts in France to a considerable amount. This prince went even beyond his predecessors in extortions from the Jews; and, after having obtained very considerable sums from these devoted victims of avarice and false policy, mortgaged the whole sect to his brother, the Earl of Cornwall, for £5000, with power of distraining their bodies in case of default in the payment of the money at the time stipulated. A court, denominated *the Exchequer of the Jews,* had been instituted for the sole purpose of managing the revenue of Judaism, as it was called, which remained unabolished until the year 1290, when the Jews were expelled from England by Edward I.* In 1255, this prince owed near 300,000 marks, of which 135,541 marks was a debt to the pope, at very high inrerest; and the parliament, disapproving of the manner in which this debt had been

* Sinclair's *Hist. of the Pub. Rev.* vol. i. page 41.

incurred, refused to grant any supply towards its discharge.

In the fourth year of RICHARD II. the commons petitioned the king to order the payment of the debts of his grandfather, Edward III. which they justly observed, would be "good inducement "to the subjects of our lord the king to be the "more ready to lend to the king in aid of his ma- "jesty and the whole kingdom, if a sudden case of "necessity should come." Although this was in some measure complied with, yet this prince was driven to the necessity of extorting (under the pretence of *borrowing)* great sums of money, which were never repaid. This is particularly insisted upon among the articles for which he was deposed.*

The credit of the crown, when not sanctioned by parliament, was by no means great, and the difficulty of borrowing any large sum may, perhaps, have been often the cause of adopting arbitrary modes of raising it. A striking instance of the disinclination of such as had money to advance it upon royal security occurred in 1392, when the citizens of London refused to lend the king the small sum of £1000; in which it cannot be supposed that their refusal proceeded from any inability to furnish it, as they afterwards paid ten times the sum to accommodate the dispute which it occasioned.

In the sixth year of HENRY IV. the commons

* *Rot. Parl.* vol. iii. page 96.

petitioned the king, that all tallies given for his majesty, for money lent to him by his subjects, might be satisfied, according to the true purport of the said securities.*

This king: being much engaged in war, had little opportunity of acquiring wealth. By his will, made in 1408, he ordered all his debts to be paid as soon as possible:—"Also, I will, that all those that in "any wise be bound in any debt that I owe in any "wise, or have undertaken to any man for any "debt that I owe, or that they can duly shew it, "that all such persons be kept harmless." He also, orders all arrears of fees and wages to be paid; and that all annuities, fees, and donations, which he had granted by letters patent, should continue to be paid according to the tenor of the grant.

HENRY VI. seems to have had much less concern for the payment of his debts than his grandfather, bequeathing the principal part of his property for the expiation of his sins by the foundation of two colleges, the orders concerning which were to be specially and principally accomplished *before all other things,* after which the revenues and profits of the royal possessions were to remain in the hands of trustees till his debts were satisfied.

In the first year of his reign provision was made by parliament, (1 Hen. VI. c. 5.) for the redemption of the jewels, including the crown, which had been mortgaged by the king's predecessor; and this reign affords the first instance of debt contracted upon parliamentary security.

* *Case of the Bankers, &c. page 5.*

The mode of borrowing money with the sanction of parliament was also adopted by HENRY VII. who died richer than any king of England before him or perhaps since. All historians agree, that he left £1,800,000 sterling in specie.* In 1508, the emperor Maximilian, as guardian of his grandson, afterwards Charles V. being hard pressed for money, sent over to England a famous jewel, belonging to the dukes of Burgundy, to be pawned to Henry VII. (then known by all men to be the richest prince in Christendom) for fifty thousand crowns of gold, of four shillings sterling each. It is recorded by lord Bacon, in his history, that this prince often borrowed money of his subjects, but punctually paid it back the very day it became due; it being a constant maxim with him rather to borrow too soon than pay too late.

HENRY VIII. in 1522, required a general loan of 10 per cent. upon the value of all property from £20 to £300, and above this sum at a higher rate: though this contribution, exacted upon the authority of prerogative only, was called a loan, it does not appear that any interest was ever paid for

* The system of hoarding, which was pursued in the earlier ages of society, however prudent it may appear at first sight, will, perhaps, upon inquiry, be found to rest on erroneous principles. Suffering money to remain for a length of time in an unproductive state at the Exchequer must have been extremely prejudicial to the industry and commerce of the nation, especially at a time when the want of capital was severely felt. When it came to be dispersed in a season of emergency, the same unpleasant consequences would be likely to arise as from an over-issue of Bank-notes in the present day.

the money advanced; and, with regard to the principal, the parliament, about seven years after, acquitted the king of all obligation to repay the money he had thus obtained. The merchants of Antwerp, from whom he borrowed money, alarmed no doubt by this royal manœuvre, required that the city of London should be bound with him. Another act of this nature was passed in the 35th year of his reign, when the parliament not only cancelled all the debts which the king had contracted, but enacted, that those lenders who had been before repaid by him should refund all such sums into the Exchequer, judging it a reasonable punishment to make them forfeit the money they lent, since they had gone about to introduce so dangerous a precedent.*

His successor, EDWARD V. in the first year of his reign, borrowed of the merchants at Antwerp 129,750 Caroline florins, on the security of the city of London, for which the king granted the city his indemnification. His debts within the realm amounted at his death to £108,807 : 4 : 10†

In the last year of Queen MARY, 1558, according to Stowe's Chronicle, page 632, "a prest (*i. e.* loan) "was granted to the Queen by the Citizens of London, of £20,000, which was levied on the companies; for the which sum to be repaid again, the "Queen bound certain lands, and also allowed for.

* *Appendix to a Collection of the Parl. Debates, from* 1668 *to* 1739.

† Sinclair's *Hist of the Pub. Rev.* vol. i. p. 390.

"interest of the money £12 of every £100 for a "year." This was at a time when the taking any interest whatever for money lent, had been prohibited by 5 and 6 Edward VI. c. 20.

Queen ELIZABETH, in 1559, borrowed £200,000 in the city of Antwerp, and in 1563 and 1576 considerable sums were borrowed of the merchants of Cologne and Hamburgh, upon the joint security of the queen and the city of London. A circumstance which happened in 1751 deserves here to be mentioned, not only on account of its singularity, but also on account of the important consequences attending it. So often do we find that events the most glorious and important to mankind have been produced by causes, which, considered abstractedly, are scarcely worthy of notice:—Some Genoese merchants had contracted with Philip to convey to the Netherlands 400,000 crowns for the use of his army stationed there; but the vessels in which the money was embarked, being attacked by some French privateers, were obliged to take shelter in Portsmouth and Southampton. The queen, hearing of this, ordered the treasure to be seized; alleging, that, being in want of money herself, she would receive it as a loan from the merchants. The duke of Alva, at that time governor of the Netherlands, deprived of this resource, and dreading a mutiny in his troops, to whom large arrears were due, was obliged to have recourse to the most tyrannical measures in order to raise money, which so incensed the Dutch that they flew to arms, resisted his authority, and eventually

established their independence.* The company of merchant-adventurers advanced money to the queen, which was regularly repaid, and £400,000, which she owed at the time of her death,† was repaid in the succeeding reign.

These instances of punctuality and good faith encouraged individuals to entertain a better opinion of the security of money advanced for the use of government; and, had the credit thus acquired been carefully maintained, little difficulty would have been found in raising such sums by occasional loans as might have rendered the illegal means of procuring money, which were afterwards resorted to, totally unnecessary.

James I. finding his expenses exceed his regular revenue, and experiencing some difficulty in obtaining extraordinary supplies, had recourse to the sale of titles and other similar expedients. He also tried the experiment of a benevolence, or free gift, by which only the small sum of £52,909 was obtained, as many persons began to doubt the legality of such modes of raising money. At his decease he left a debt of about £500,000. In this reign the house of commons began to see the necessity of establishing some check upon the expenditure of the sums granted by parliament; and, accordingly, upon the grant of three entire subsidies, with three fifteenths and tenths, in 1623, (21 James I. c.34.) eight citizens

* Hume's *Hist. of Eng.* vol. iv. page 133.

† Sinclair's *Hist. of the Pub. Rev.* vol. i. page 220.

of London were appointed treasurers, and were sworn not to issue any of the money without warrant from the council of war, who were in like manner bound to make no warrants for payment except for the purposes for which the money was granted, and were accountable to parliament for its distribution.

Charles I. on his disagreement with the parliament, procured very considerable sums under the name of loans, in anticipation of the public revenues, though this appellation was sometimes very improperly given to forced contributions, on which there was probably no intention of paying interest or returning the principal; at least, no provision appears to have been made for either. The celebrated merchant, Sir Paul Pindar, advanced this king £130,000, on the joint security of several branches of the king's revenue. And, in 1625, he was indebted to another famous merchant, Sir William Courten, £27,000, half of which sum had been lent to king James and the other half to himself: the interest allowed on this loan was at the rate of 8 per cent. In this year he employed the duke of Buckingham to borrow £300,000 sterling in Holland, upon pawn, or pledge, of a great number of valuable jewels belonging to the crown. He mortgaged part of the crown-lands to the city of London, and sold others. Yet, notwithstanding all these discreditable expedients, he was continually in debt.

So pressed was he for money during the Scotch war, and so averse to calling a parliament, that he seized £200,000 from the mint, which had hitherto

maintained the credit of a bank, and had for several years been the treasury of all the vast payments transmitted from Spain to Flanders.*

During the time of the PROTECTORATE, the greatest economy and order were observed in the public finances. The revenues of the crown, the lands of the bishops, and a tax, upon an average, of £77,000 each month, supplied all the wants of a frugal government. In such a flourishing state was the commerce of the nation, and so firm was individual credit, that, by an ordinance of the Rump Parliament in 1651, the legal rate of interest was reduced from 8 to 6 per cent.; this was afterwards confirmed by 12 Charles II. c. 13.

Happy would it have been for the nation had CHARLES II. pursued the same prudent course: but, nursed in the lap of voluptuousness, he knew of no duty but pleasure,—no God but dissipation! His own prodigality and that of his mistresses continually exhausted his revenue and obliged him to be constantly borrowing of the London bankers at 8, 10, and even higher rates of interest. These sums were considered a fit object of taxation, and accordingly (by 22 Charles II. c. 3) 15 shillings per cent. per annum was levied on all money advanced to the king at a higher rate of interest than 6 per cent.

In this reign a final stop was put to raising money upon prerogative, on passing an act (13 Charles II. c. 4) to sanction "a free and voluntary present to

* Macpherson's *Annals of Commerce*, vol. ii. p. 562.

"his majesty," in which a clause was inserted, declaring that no commissions or aids of this nature could be levied but by the authority of parliament, and prohibiting the supply thus granted from being considered as a precedent in time to come.

This precaution was the more necessary as free gifts had been long before declared illegal. In 1483, an act was passed for this purpose, by which it is ordained, that the exactions "called benevolences, "before this time taken, be taken for no example to "make such or any like charge of any of the subjects "of this realm hereafter, but it shall be damned and "annulled for ever." (1 Richard III. c. 2.)

The foundation of the present controul of parliament over public loans was afterwards more firmly laid, by the following resolution of the house of commons, in 1681: "That whosoever shall hereafter "lend, or cause to be lent, by way of advance, any "money upon the branches of the king's revenue, "arising by customs, excise, or hearth-money, shall be "judged to hinder the sitting of parliaments, and "shall be responsible for the same in parliament;" and, "That whosoever shall accept or buy any tally, or "anticipation, upon any part of the king's revenue, "or whoever shall pay such tally hereafter to be "struck, shall be adjudged to hinder the sitting of "parliaments, and be responsible therefore in par-"liament."

The tide of popular favour at first ran very strongly in favour of the young king, notwithstanding his indiscretions. The city of London, in 1664, in order to

shew their patriotism, assisted him with a loan of £100,000 towards the equipment of the fleet; for which, through emulation, the two houses of parliament passed a vote of thanks, and ordered it to be communicated to the city by a deputation of six lords and twelve commoners. In the following year, the city also supplied the king with a loan of £200,000, on the credit of the supply voted by the house of commons.*

The repeated demands of the king, notwithstanding the unprecedented largeness of the grants to him, compelled the commons, in 1666, to think of appointing commissioners to examine the accounts of those through whose hands the money granted for the war had passed. Several persons then in office were much alarmed at this measure, and the king is said to have been equally displeased with it, and to have declared, that, if the bill should pass and be brought to him, he was resolved never to give it the royal assent.† This, however, was not necessary, as means were found to delay the bill in the house of lords till the prorogation of parliament. Commissioners, were however, appointed about two years after; and, in consequence of their report, the treasurer of the navy was expelled the house of commons, but the farther proceedings of the house thereon were again stopped by a prorogation.

The profuseness of the commons in their grants,

* *Secret History of Charles* II.

† *Secret History of Charles* II. vol. ii. p. 260.

during the Dutch war, was strongly animadverted on even in the house of lords, particularly by lord Lucas, on the reading of the subsidy-bill, 22d February, 1671, whose speech on this occasion gave such offence to the ministry, that it was ordered to be burnt by the hands of the common hangman; and, though this bill passed soon after, the lords judged it absolutely necessary to make some alterations in a bill for an additional imposition on several foreign commodities, which had been sent them from the commons, which occasioned a remarkable controversy between the two houses, respecting the sole privilege which the commons claimed in regard to money-bills.

The house of commons themselves at length began to see the necessity of presenting some check to the rapacity of the monarch; accordingly, in 1675, a supply was refused the king to take off the anticipations on his own proper revenue, notwithstanding he promised, in his speech, that for the future he would husband their grants much better than before.*

Nothing has contributed so much to the establishment of public credit upon a firm basis as parliament taking the management of the national finances into their own hands, and superintending the application of the supplies granted; for, previously to this, the security of the public creditors was very precarious. A striking instance of which occured 6th January, 1672,

* Chandler's *Parliamentary Debates*.

when the Exchequer was suddenly shut, and the sum of £1,328,526 detained, which the bankers and others had advanced to the king in anticipation of the revenues, although only five years before, in 1667, on a run upon the London bankers, the king, to remove the apprehensions of the public, issued a declaration for preserving inviolably the course of payments in his exchequer, both with regard to principal and interest. A general astonishment and confusion seized the public, and the credit and commerce of the whole kingdom were affected by it. In the declaration published to quiet the minds of the nation, the decay of the navy and the immediate necessity of large equipments were urged as an excuse for such a flagrant breach of faith, and a promise was made to the bankers, that interest, at the rate of 6 per cent. should be paid them during the detainment of their money. But this not being sufficient to satisfy the bankers, or to restore the necessary circulation of cash, the king convened his creditors before him at the treasury, when he gave them positive assurances, that he would punctually discharge his debts, either out of the next parliamentary grants or his own revenue. Having amused them with these promises, he kept the Exchequer shut, on the same plea of necessity, for almost a year and a half;* nor did he, during

* This must allude to the time of paying the interest; for, as to the principal, that was never repaid, but still forms part of the public debt, as will be seen hereafter.

that period, convene the parliament, out of whose next grants the public creditors were led to hope for satisfaction.*

Letters patent were afterwards granted for securing interest on this sum out of the hereditary excise, but no provision was made for it by parliament till 1701, (12 William III. c. 12.) when, in discharge of the annual payments on the letters patent, and of the arrears thereon, the same excise was charged with the payment of 3 per cent. per annum on the principal sums for ever, but redeemable upon payment of half the principal. The actual debt was thus reduced to £664,263, nearly the whole of which was subscribed into the South Sea Company's Stock in 1720; it may therefore be considered as still forming a part of the national debt, and is the only part thereof that was incurred before the revolution.

The revenue of JAMES II. considerably exceeded that of his predecessors, notwithstanding which, he left at the time of his abdication a debt of £1,054,925; £300,000 of which was arrears due to the army, and £280,000 money advanced in anticipation of the revenue. To answer this debt, there was the principal part of the year's taxes, only about one quarter of the produce of which had been paid into the Exchequer, and about £214,000 upon the hearth-money; also the sum of £80,138 : 18 : 3, in cash, remaining in the treasury on the 5th of November, 1688.

* *Supplement to the Secret History of Charles* II.

Hence it appears, that, at the revolution, there existed little or no debt, except the banker's debt before mentioned, and about £60,000 due to the servants of Charles II. for wages, to the time of his decease, the payment of which last was provided for in 1689; and, as these debts had been contracted without the consent of parliament, who at that time made no provision for them, there certainly existed none that could with any propriety be termed *national* debts.

CHAPTER II.

The History of the National Debt, from its Commencement at the Revolution in 1688 *to the War in* 1702.

FROM the period of the revolution may be dated the existence of the National Debt. We have seen that previously to this time the engagements of the several monarchs were merely *temporary* anticipations of the revenue; but now the plan of mortgaging the resources of futurity became a regular system, and was universally followed as an easy method of providing for the public services. The wars, which William, from motives of safety, was obliged to prosecute in the very commencement of his reign, involved him in prodigious expenses, and prevented his introducing that order and regularity in the public revenue which is so particularly demanded after a season of civil contention. In consequence, the several funds became every year less productive, and he was under the necessity, in order to carry on the war with effect, to raise money on the credit of future receipts. Political motives, indeed, are said to have influenced his conduct in this respect. Bolinbroke* asserts, that the money necessary for the

* *Reflections on the present State of the Nation.*

public expenditure might have been raised within the year; and that a plan for this purpose was absolutely submitted to the king, but was rejected, for a reason which appeared plausible in political refinement. It was said, "that a new government, established "against the ancient principles and actual engage-"ments of many, could not be so effectually secured "any way as it would be if the private fortunes of "great numbers were made to depend on the preser-"vation of it; and that it could not be done unless "they were induced to lend their money to the pub-"lic, and accept securities under the present estab-"lishment." Whether this was the real motive, or whether it was an invention of the tories, in order to cast a stain upon their political opponents, it would perhaps be difficult now to decide.

That a clear idea may be formed of the extent of the funds, upon which public debts were first contracted, it is necessary to state the produce of the different branches of the public revenue, according to a computation delivered to the house of commons at the beginning of the revolution.

The subsidy of tunnage and poundage, &c.	£600,000
Hereditary and temporary excise	666,383
Hearth-money, about	245,000
Post-office,* about	65,000
Carried forward	£1,576,383

* The gross produce for one year, ending 25th March, 1688, was £76,317 : 18 : 10.

Brought forward . .	£1,576,383
Wine-licences, about	10,000
New duties on wine and vinegar	172,901
Duty on tobacco and sugar	148,861
Duty on French linen, brandy, silk, &c. .	93,710
	2,001 855
Charge of management . .	280,000
Gross produce	£2,281,855

The above account is given by Dr. Davenant, in his celebrated *Essay upon Ways and Means*, but several of the articles are certainly taken too high. The produce of the subsidy of tunnage and poundage for the year, ending Michaelmas 1688, was only £510,769 : 13 : 0, and the average of five years after was considerably less. The produce of the hereditary and temporary excise is given for the year ending Midsummer 1689, which appears to be much greater than even the gross produce on an average of five years either preceding or following. Upon the whole, the following account, being formed upon the average of four years, will be found a much more correct statement of the actual amount of the public revenue at the time of the revolution.

	£.	s.	d.
Subsidy of tunnage and poundage .	577,507	12	10¼
Hereditary and temporary excise .	610,486	10	9
Hearth-money, about	200,000	0	0
Carried forward	1,387,994	3	7¼

Brought forward	£1,387,994	3	7½
Post-office, about	55,000	0	0
Duties on wines and vinegar . . .	172,900	11	8½
Duties on tobacco and sugar . . .	148,861	8	0
Ditto on French linens, brandies, &c.	93,710	8	1
Wine-licences, seizures, &c.	56,969	4	4
	£1,915,435	15	9

This was the whole of the public revenue, except the small duties of 10s. per ton on wine, &c. first granted in 1666, and appropriated for defraying the expenses of coinage, and a duty of 1s. 6d. per chaldron on coals, appropriated for completing St. Paul's cathedral. This revenue, small as it now appears, must have been at least fully adequate to all the national expenses, if an account laid before parliament can be depended upon; according to which the annual expenditure of James II. amounted to only £1,609,365 : 2 : 9.

1689.—In the very first money-act passed after the revolution, by which the sum of £412,925 : 14 : 6 was to be raised by a monthly assessment, there was a clause permitting £370,000 to be borrowed at 6 per cent. per annum upon credit of this grant. In the same session a much more perni-

* The actual produce of this tax was £400,914 : 7 : 3½ (See Appendix to Sir John Sinclair's *History of the Public Revenue.*)

April 8th, 1689, Viscount Mordaunt was appointed first Lord of the Treasury, and Lord Delamer Chancellor of the Exchequer.

cious practice was introduced, (1 W. & M. sess. 1. c. 28.) by mortgaging the additional duties on tobacco and sugar for the payment of £60,000 to the servants of Charles II. in three years;* and the residue of the produce of these duties was, with several other duties, charged with the payment of £600,000 for the Dutch bill of costs for fitting out an armament to support king William, and bringing him over: the expenses of which were stated at £686,500.

1690.—The precedent, thus established, was soon followed, and the money advanced upon credit of the acts of the next session† may be considered as

* It is probable that only a small part of this sum was paid; since there was a clause in the act, disallowing all claims from such as did not take the oath of allegiance to the new government before 1st Feb. 1690. As many of the servants of Charles II. were immediately connected with his successor, it is supposed that few complied with the terms of the act.

† In the king's speech to the new parliament, 20th March, he desires them to make a settlement of the revenue; and, being in immediate want of money for the reduction of Ireland, adds: "I have so "great a confidence in you, that, if no quicker or more convenient "way can be found for the raising of ready money, (without which "the service cannot be performed,) I shall be very well content, for "the present, to have it made such a fund of credit as may be "useful to yourselves, as well as to me, in this conjuncture; not "having the least apprehensions but that you will provide for the "taking off all such anticipations as it shall happen to fall under." —*Collection of the Parliamentary Debates*, vol. ii.

March 18th, 1690, Sir John Lowther was made first Lord of the Treasury, and Richard Hampden, Esq. Chancellor of the Exchequer.

the first regular loans upon parliamentary security. One of these acts (2 W. & M. sess. 1. c. 3.) was for granting to William and Mary, for their lives, and the life of the survivor of them, certain impositions upon beer, ale, and other liquors, called *the hereditary excise;* upon the credit of which any sum not exceeding £250,000 might be advanced, and the lenders were to have interest at 8 per cent. for such part of the sum as should be advanced before the 10th June, 1690, and, for the part advanced after the 10th June, 7 per cent. For the repayment of this money, the above-mentioned excise was mortgaged to the 24th December, 1693, by which time it was presumed both principal and interest would be discharged. The sum actually borrowed upon this act appears, from an account delivered to the house of commons, to have been £551,633 : 7 : 3. By another act, (2 W. & M. sess. 1. c. 4.) the subsidy of tunnage and poundage, which had been granted to Charles II. and James II. for life, was now granted for a term of four years only, and was made a fund for borrowing half a million upon the same terms as the former.* The whole sum borrowed upon this act was £547,223 : 13 : 4½; so that we see, in both these cases, the ministry at that time were not very strict in their adherence to the restrictions of an act of parliament.

As the war in which the country engaged soon

* The interest on these loans, as well as on most of the subsequent ones, was payable quarterly at the Exchequer.

after the accession of William proved very expensive, and as obtaining money upon credit was found easier than raising it immediately by new taxes, which must have been very heavy to have produced the sums necessary for such large supplies, the former expedient was of course preferred. In the session* which began 2d October, 1690, an act was passed for granting additional impositions on all East India goods and manufactures, and upon various other goods and merchandizes imported after 25th Dec. 1690; upon the credit† of which the sum of £300,550 : 9 : 10 was borrowed at 8 per cent. which, it was supposed, would be paid off by the 10th Nov. 1695, the term for which the duties were granted. Upon an act for continuing several duties upon wines, vinegar, and tobacco, from 23d June, 1693, to 24th June, 1696, the sum borrowed was £700,100; and, upon an act for granting several additional excise-duties for four years, the sum allowed to be raised by loan was £1,000,000 at 7 per cent. nearly the whole of which was advanced, the actual sum being £999,815 : 0 : 8½.

* In the king's speech he recommends to parliament the clearing of the revenue, so as to enable him to subsist and to maintain the charge of the civil list, the revenue being so engaged that it must be wholly applied, after 1st Nov. to pay off the debts already charged upon it.

† The clause of credit in this act was unlimited, authorising government to borrow upon it "any sum or sums of money."

Nov. 15, 1690, Lord Godolphin was appointed first Lord of the Treasury, and Richard Hampden, Esq. Chancellor of the Exchequer.

In the course of this session, an act was passed for appointing commissioners to examine and state the public accounts of the money granted and raised for the support of government and the war, from the 5th November, 1688, "to the intent that their Ma-"jesties and this kingdom may be satisfied and truly "informed, whether all the same revenues, moneys, "and provisions, have been faithfully issued out, "disposed, ordered, and expended, for the ends and "purposes aforesaid; and that their Majesties loyal "subjects may thereby be encouraged more chear-"fully to undergo the like burthens for the support "of their Majesties government, and the farther "prosecution of the war." The commissioners were nine members of the house of commons, chosen by ballot; but they were not invested with sufficient powers for a thorough investigation, and many persons, who had great accounts to pass, possessed such power and influence in the house of commons as enabled them, by throwing difficulties in the way of the commissioners, to defeat the end for which they were appointed.

1691.—The supplies of the next session were raised by excise-duties, a monthly assessment, and a quarterly poll-tax, which, being each granted for one year only, could not be made funds for borrowing upon for any greater time. Two bills were passed, by the house of commons, for appropriating the forfeited estates in England and Ireland to the service of the war, which, however, was not carried into effect, as they were both dropped by the lords.

The resolution of the house of commons, on the 19th January, 1692, at present appears so extraordinary, that it would be unpardonable to pass it over unnoticed.

"Resolved,

"That the salaries, fees, and perquisites, of all "offices under the crown, (except £500 per ann. to "be allowed to such respective officers), except the "salaries to the Speaker of the house of commons, "the Lords Commissioners of the Great Seal, the "Judges, foreign Ministers, and the Commission "Officers serving in the fleet and army; and also "all pensions granted by the crown, except the "pensions payable to the Queen Dowager and the "Princess Anne of Denmark, and such other pen- "sions as should be excepted by the House; be ap- "plied towards carrying on a vigorous war against "France." As ministers of late years have become so fond of appealing to precedents, every true friend to the country must sincerely lament that such a patriotic measure never amounted to any thing more than a *resolution.*

1692.—In the session which began 4th Nov. the practice of burthening posterity was revived, and its evil consequences much extended. Certain additional excise-duties upon beer, ale, and other liquors,* were granted for the term of *ninety-nine*

* These duties, unlike most of the funds established during this war, were not charged to the full amount of their produce, of course a surplus remained, which was appropriated by 5 Anne, c. 19.

years, from 20th January, 1693, and were appropriated for the payment of the interest of £1,000,000 to be advanced on a tontine scheme. This is the first instance of money being raised in this country, for the public service, upon this uncertain species of annuity, for which very few persons are disposed to give the real value, and, in consequence, is an improper mode to be adopted by any state. The annuity, in this instance, was, however, more determinate than upon the generality of such plans, the subscribers being certain of 10 per cent. for their money till 24th June, 1700; after which time the sum of £70,000 per annum was to be divided among the surviving nominees till there should be only seven left, and, then, upon the death of each, his annuity to be available for public services. Only the sum of £108,100 was advanced upon this scheme, which was partly owing to a clause, that, if the whole was not subscribed by a certain time, the remainder might be subscribed for 14 per cent. on any life the subscribers chose to nominate. This was selling annuities at about *half* their real value to such as chose to nominate healthy young lives.* Notwithstanding the terms were so

* Interest being at 6 per cent. (which was then the legal rate,) an annuity for a life, at any age, from four to twenty, was worth, according to M. de Parcieux's tables, at least 13½ years purchase, and at some ages more than 14 years purchase; consequently, an annuity of £14, which was sold for £100, was worth from £189 to £196; and, at all ages under *sixty-four*, was worth considerably more than what it was then sold for. All life-estates were, however, at this

advantageous, the sum advanced on both was only £881,493 : 14 : 2. By another act of this session, additional duties were granted on a great variety of goods imported, with a clause for borrowing any sum not exceeding £510,000, at 8 per cent. upon the credit of these duties. The duties upon wine, vinegar, and tobacco, on which money had been borrowed two years before, and which were already granted till 24th June, 1696, were farther continued to 24th June, 1698: the duties on East India goods and other merchandize imported were all continued to 10th Nov. 1697; upon both which, with a tax upon the stock of public companies, any sum not exceeding £500,000 might be borrowed, at 5 per cent. per annum. An act was also passed, (4 W. & M. c. 1.) for raising *four shillings* in the pound on the annual profits arising from land and personal estates. The legal rate of interest being 6 per cent. this was considered as the standard of profit on *personal* property: so that for a capital of £100 a tax was levied of 24 *shillings*. This act

time, much under-rated, but the real value of them was beginning to be estimated on more rational data, from the observations of Dr. Halley on the Breslaw bills of mortality. The subject was afterwards considerably elucidated by the successive labours of De Moivre, Dodson, and Simpson. The works, however, of these eminent mathematicians have been in a great measure superseded by later writers; more particularly by an ingenious treatise on *the Doctrine of Life Annuities and Assurances*, lately published by Mr. Francis Baily; in which the different branches of the science are investigated with the greatest simplicity and elegance.

was charged with the payment of £735,391 : 18 : 5½, raised on the credit of the quarterly poll-tax granted in last sessions.

1693.—In the next session* an act (5 W. & M. c. 5.)† was passed for making good the deficiency of £118,506 : 5 : 10 unsubscribed on the tontine act, by allowing the persons subscribing before 1st May, 1694, life-annuities at 14 per cent. being the same excessive terms as by the act of last session.

Another mode of raising money, somewhat less extravagant, though in its consequences much more pernicious, was, at this time, introduced. This was, borrowing money on lotteries;‡ for which purpose additional duties upon salt were granted for three years, and additional excise-duties on beer, ale, and other liquors, for sixteen years, on which £1,000,000

* In the king's speech, 22d March, he particularly recommends to parliament to enable him to discharge the debt incurred for transport-ships employed in the reduction of Ireland.

† As the tax on the stock of public companies, in the last session, had, probably, induced many persons to think that it might hereafter be extended to the loans to government, it was enacted, that the annuities upon this act should be free from all rates, duties, and impositions, whatever. This was enacted by every subsequent loan-bill; and so blindly has the precedent been followed, that it even forms a part of every act of the like nature which has passed since the public annuities have been rendered liable to the income-tax.

‡ The first lottery in this country, of which we have any account, was in 1569, the proposals for which were published in 1567 and 1568. It consisted of 40,000 lots at ten shillings each; there were no blanks, and the prizes consisted chiefly of plate; there were then

was to be raised by lottery, at £10 a ticket, attended with annuities for sixteen years, at £14 per cent.* The sum of £300,000 was also to be raised before 29th Sept. 1694, by granting life-annuities, at 14 per cent. for one life, 12 per cent. for two lives, and 10 per cent. for three lives, which was thus advanced:

	Principal.				Annuity.		
On one life,	£107,847	13	9	..	£15,098	13	6
two lives,	170,917	2	3	..	20,510	1	0
three lives,	21,235	4	0	..	2,123	10	4
	300,000	0	0		37,732	4	10

£330,000 was likewise borrowed, at 8 per cent.

only three lottery-offices in London. It was drawn at the west door of St. Paul's cathedral, and the profits were intended for the repair of the havens of the kingdom, and other public works.

The number of lots seems here to be much under-rated: it probably consisted of 400,000; the drawing being represented as continuing *incessantly, both day and night,* from the 11th of January to the 6th of May following. (*See Maitland's Hist. of London,* vol. i. page 257.)

In 1612, king James granted permission for a lottery, to be held at the west end of St. Paul's, of which the highest prize was of the value of four thousand crowns in plate: this was for the assistance of the Virginia planters. The Virginia company were licensed to open lotteries in any part of England; and they raised by this means £29,000. At length, being considered as a national evil, they attracted the attention of parliament, were presented by the commons as a grievance, and, in March, 1620, were suspended by an order of council. (*Winterbottom's View of America.*)

* The real value of an annuity for 16 years is 10,1 years purchase; the annuity of £14 sold for £100 was therefore worth £141.

upon the stamp-duties, now first introduced, and granted for the term of four years.

But the most important financial transaction was the establishment of the Bank of England. An institution which, being under the direction of men more intimately conversant in money-transactions than public ministers usually are, and more strongly impressed with a sense of the necessity of maintaining an inviolable punctuality in such transactions, has contributed more than any other measure towards the establishment and support of public credit. The sum advanced by the company to government was £1,200,000, for which they were to receive interest at 8 per cent. per ann. with £4000 per annum for management: and, for making good these payments, new duties upon the tonnage of ships were granted for four years: one half of the additional excise-duties (2 W. & M. sess. 2. c. 10.) were also granted without any limitation of time; which is the first instance of a grant of the kind, although it has since become the usual mode, and taxes for a limited time are now seldom thought of. Thus a considerable debt was contracted, without any provision for its redemption or extinction, and probably without any expectation that it would ever be redeemed.

It was stipulated in their charter that, at any time after 1st Aug. 1705, upon twelve months notice being given, and upon re-payment of the £1,200,000, with all arrears of interest, the corporation should cease and determine. And that no person or cor-

porate body should subscribe more than £20,000;* one-fourth part to be paid at the time of subscribing. It was also provided, that if they advanced any money to Government upon credit of the public revenues, without the authority of parliament, they should forfeit treble the value of the sum so advanced.

The establishment of the Bank was a measure of great convenience to government, who had hitherto been generally under the necessity of allowing 8 per cent. on advances on the land-tax, besides additional premiums; and on other anticipations much more.

1694.—In the session,† which began 12th Nov. the subsidy of tunnage and poundage was granted for five years, and again mortgaged for the payment of £1,250,000, borrowed on the credit thereof. A sum was borrowed on the land-tax act, considerably exceeding what was afterwards discharged by the

* His Majesty subscribed £10,000.

† In the king's speech he reminds the house of commons, that the act of tunnage and poundage would expire at Christmas, and hopes they will think fit to continue it, "which is the more necessa-" "ry at this time, in regard that the several branches of the revenue "are under great anticipations, for extraordinary expenses of the "war, and subject to many demands upon other accounts." He also mentions to them again the debt for the transport-ships employed in the reduction of Ireland, "which is a case of compassion and "deserves relief."

Lord Godolphin was at this time first Lord of the Treasury *and* Chancellor of the Exchequer.

produce of the tax, which was occasioned, in a great measure, by a debt of £622,096 : 13 : 0, having been transferred to this year's tax.*

The proprietors of annuities on single lives, granted under three former acts, amounting to £981,619 : 1 : 9, part of the £1,300,000 intended to have been raised, were offered the liberty of converting the same into annuities for the certain term of 96 years, from 25th January, 1695, upon payment of four and a half years purchase: and, if the persons holding the annuities did not subscribe by the 24th July, 1695, then any other person, upon payment of five years purchase, might become entitled to the annuities for the remaining part of the term of 96 years, from the decease of the lives already nominated. These terms were by no means so advantageous to the subscribers as those upon which the annuities were originally granted, and, instead of £618,420 : 0 : 6 intended to have been raised by this means, only the sum of £235,951 : 0 : 6 was actually advanced; the remainder government were authorised to borrow at 5 per cent. per ann. The other loans of this session were £650,000, at an interest not exceeding 8 per cent. upon the act for granting duties upon marriages, births, and burials, and upon bachelors and widowers, for the term of five years;† and

* Report, 1703.

† The duty on burials was 4*s*. for every person whatever, with additional duties according to the rank or condition of the person; the additional duty for a duke or duchess being £50. The duty

£564,700, at 7 per cent. upon the act for granting duties upon glass wares, stone and earthen bottles, coals, and culm.

While the commons were considering of these modes of raising money, they also began an inquiry into the disposal of former grants, and discovered many improper practices of several of the agents and officers of the army, for which some of the delinquents were punished; and the committee, who were appointed for pursuing the inquiry, soon brought to light many other gross abuses and corruptions.

Previously to this time, very serious inconvenience had been felt, on account of the debased state of the silver coin: but the evil had now arrived at such an alarming pitch, that it was thought necessary for the legislature to take some measure to remedy the evil. Accordingly, the house of commons, on 8th January, 1695, appointed a committee to receive proposals how to prevent clipping of the coin of the kingdom for the future, and the exportation of silver. After many plans had been discussed, it was finally resolved to re-coin the diminished silver money by calling it into the mint; so that every person had good new silver coin returned to him in exchange. The loss

on births was 2*s.* for every child whatever, with similar additional duties, the highest being for the child of a duke and duchess £30. The duty on marriages was 2*s.* 6*d.* with £50 additional for a duke, &c. Every bachelor or widower was to pay 1*s.* per annum; dukes to pay £12 : 10 : 0 per ann. additional, and subordinate degrees in proportion.

arising from this (which is estimated at nearly three million) was sustained by the nation at large.

Some idea may be formed of the depreciated state of the currency, by the following account. There were brought in, promiscuously, in the months of May, June, and July 1695, 572 bags, each containing £100, which, according to the standard, should have weighed each 32lbs. 3oz. 1dwt. 22gr. troy:

	lb.	oz.	dwt.	gr.
Making in the whole - - - -	18451	6	16	8
But, upon examination, they weighed only -	9480	11	5	0
Deficiency on £572,000 - - - -	8970	7	11	8

For the purpose of the re-coinage, besides the mint in the Tower, where six presses were wrought, there were other mints erected in the principal trading cities; viz. York, Chester, Norwich, Bristol, and Exeter, to prevent the inconveniences that might happen to trade in the mean time: and, from the year 1695 to 14th August, 1697, there was no less than £8,400,000 of this clipped and hammered money brought to the several mints in London and the country.

The execution of this measure reflects the greatest credit upon the Chancellor of the Exchequer, (Mr. Montagu,) who had the chief management of it.

1695.—In the next session,* the time for con-

* In the king's speech, 22d Nov. he not only informs them, that there will be at least as great supplies requisite for carrying on the

verting the life annuities into annuities for 96 years, was extended, at four years and a half's purchase, to the proprietors, till the 24th June, 1696, and upon their default any other person might subscribe at five years purchase, till the 29th September following. The sum advanced upon the former act of this kind was £235,951 : 0 : 6, and upon this act (7 and 8 W. and M. c. 10.) £15,847 : 13 : 11; but the sum intended to have been raised by it, was £382,469. The deficiency government was empowered to borrow, upon the credit of the act, at 6 per cent. per annum.

£1,500,000 was also borrowed on an act for continuing several duties granted by former acts, and the lenders were to have tallies, and orders for re-payment, with interest, at 5 per cent. for the first £400,000, 6 per cent. for the second £400,000, 7 per cent. for the third £400,000, and 8 per cent. for the remaining £300,000.

The cause of this difference in the interest on many of the loans, at this period, was, that the orders for re-payment were discharged according to the date of the subscription: consequently, as those who subscribed last were obliged to wait longest for the re-payment

war, as were granted in the last session; but that "the funds which "have been given have proved very deficient," and "the condition "of the civil list is such, that it will not be possible for me to sub-"sist, unless that matter be taken into your care."

Nov. 1, 1695, Charles Montagu, Esq. was appointed Chancellor of the Exchequer, Lord Godolphin continuing first Lord of the Treasury.

of their principal, and as the whole inconvenience would fall on them if the fund proved deficient, they were allowed a larger interest for their money.—Perhaps at this time there might have been a greater dread of a deficiency than usual, as (either from the pressure of the war, or from the system of mismanagement, which prevailed in the finances during a great part of this reign) the old revenue, which at the revolution produced £1,915,435, had fallen, in 1695, to £811,949.*

By "An Act, (7 and 8 W. III. c. 18.) for granting to his majesty several rates, or duties, upon houses, for making good the deficiency of the clipped money,"† the window-tax was first established, which may be considered as a revival of the obnoxious hearth-tax in a different shape; and upon the credit of these duties, which were granted for seven years, from 25th March, 1696, £1,200,000 might be advanced; the first £600,000 advanced, to have interest not exceeding 7 per cent. and the remainder 8 per cent. Government were also enabled to borrow £515,000 upon another act: of which sum £500,000 was for civil-list expenses, and £15,000 for the relief of poor French protestants, who had been recommended to the attention of parliament, by the king, at the beginning of the session. A clause of loan was likewise inserted in

* *Davenant's Discourses*, page 165.

† The duties were, every inhabited house to pay 2*s*.; a house with ten windows, 6*s*. per annum; and every house having twenty windows 10*s*. per annum.

an act for regulating the coinage of silver money, in favour of such as would advance money *on credit of the Exchequer in general*, transferrable to such funds as should be settled by parliament.

1696.—The extent of the above loans, was generally regulated by the former produce of the taxes upon which they were to be advanced; and, as the several branches of the public revenue had fallen off very considerably, almost every year since the revolution, the several funds, thus appropriated, of course proved deficient, and the high interest, at which most of the loans were obtained, increased the difficulty of paying off the principal. New loans were found necessary every year; and, as from the effects of the war, ill-management, the deplorable state of the coin, and other unfavourable circumstances, there was a strong probability that the old revenue would continue to decline: many persons began to entertain an unfavourable opinion of government security; and public credit, then in its infancy, was generally considered as having been already extended too far. Exchequer-tallies were sold at a discount of from 30 to 40, and even to 50 or 60* per cent; bank notes, or bills, were at 20 per cent. discount; and all public securities, of whatever kind, were likewise at a considerable discount.

* *Collection of Parliamentary Debates*, from 1668 to 1739, vol. iii.

In consequence of this state of things, the house of commons, at the commencement of the next session, 20th October, 1696,* immediately passed a resolution, "That they would make good all par- "liamentary funds, since his majesty's accession "to the crown, that had been made credits for "loan from the subject." For this purpose, a bill (8 and 9 W. III. c. 20.) was afterwards passed, continuing the various old duties upon which these debts were charged to 1st August, 1706. The money arising from any of these taxes, from the day on which they were otherwise to expire to the said 1st August, 1706, together with some new duties upon salt, were appropriated as a general fund for making good the principal and interest due, or becoming due, on the following deficiencies; viz.

* The king, in his speech, mentions great disappointment in the funds given in the last session, and the difficulties which have arisen upon the recoining of the money; and earnestly recommends, to the house of commons, to consider of raising the necessary supplies, as well for maintaining the honour of parliament, in making good the funds already granted, as for carrying on the war the next year: which, notwithstanding some overtures had been made for entering into a negociation for peace, he thinks ought not to be less than what was intended to be raised for that purpose in the last session. He puts them in mind of the civil list, which cannot be supported without their help; and mentions the miserable condition of the French protestan s to them again. —*Collection of Parliamentary Debates*, vol. iii.

	£.	s.	d.
On the first aid of 4*s.* in the pound (4 W. and M. c. 1.) - - -	55,622	10	5
On the third aid of 4*s.* (6 W. and M. c. 3.)	407,372	0	3
On the 4th aid of 4*s.* (7 W. III. c. 5.) -	917,101	13	2½
On the quarterly poll (5 and 6 W. and M. c. 14.) - - - - -	89,275	13	4
On the three-fourth parts of customs (2 W. and M. sess. i. c. 4.) -	213,447	15	9
On the act charging salt and other things (7 and 8 W. III. c. 31.) -	1,711,500	0	0
On the two-third additional excise (2 W. and M. sess. 2. c. 10.—and 5 and 6 W. and M. c. 7.) - - -	160,000	0	0
On additional impositions on goods and merchandise (4 and 5 W. and M. c. 5.) - - - -	445,177	7	4
On the duties on vellum, parchment, &c. (5 and 6 W. and M. c. 21.) -	224,114	7	8½
On the duties on marriages, births, &c. (6 and 7 W. III. c. 6.) - -	648,000	0	0
On continued duties on wines, vinegar, &c. (7 and 8 W. III. c. 10.) -	146,181	19	5½
On the yearly sum of £300,000 out of the subsidy of tunnage and poundage (6 W. and M. c. 1.) -	142,666	7	3¾
	£5,160,459	14	9¼

These sums, with £840,000, intended to have been provided for by an act of the last session, on a project which was never carried into execution, made the whole of the deficiencies; amounting together, to £6,000,459 : 14 : 9¼, agreeably to a statement laid before the house of commons,

by the commissioners for stating the public accounts. The annual produce of the several funds continued, as the provision for these debts, is estimated by Dr. Davenant, as follows; viz.

	£
New customs, produced, 1695 - - - -	44,847
Continued acts and joint stocks, produced, 1695 -	394,907
Duties on marriages, births, &c. produced, 1695 -	54,310
Stamped paper, about - - - - -	48,000
Customs, about - - - - - -	370,909
Duties on windows, about - - - -	50,000
Duty on glass ware, &c. about - - - -	42,400
Eight-pence per bushel on salt, applied to this fund till 1699 - - - -	70,000
Total, per annum,	£1,075,373

The Bank of England were to enlarge their capital by taking subscriptions on the following terms; viz. four-fifths of each subscription to be made by assigning to them the tallies and orders for the principal and interest of the above debts and deficiencies, and the other fifth to be made good by bank-notes.

All the interest due on those tallies which should be subscribed (to the end of the last preceeding quarter on each tally) to be allowed as principal. The subscribers were incorporated with the old bank proprietors, and were to be allowed 8 per cent. per annum on the tallies thus subscribed, till the principal should be paid off; which was done in the course of a few years, and the bank capital reduced to its original sum.

This was a very judicious measure, and it may be considered as the origin of several funding schemes adopted at subsequent periods. It had great effect in restoring the credit of government securities, which were at a large discount; and also in relieving the Bank, who were at this time labouring under considerable difficulties.

In the same session, it was found necessary to make a farther provision for arrears due upon the life-annuities granted in 1692 and 1693; and, for this purpose, the proprietors of the annuities for single lives were again offered the liberty of converting them into annuities for 96 years, from 25th of January, 1695, at four years purchase: and, if the proprietors did not subscribe before the 24th June, 1697, any other person might, till the 29th September following, purchase upon the same terms, the remainder of the 96 years from the extinction of the life.

In this year, the annual malt-tax was first granted, upon which £1,400,000 was to be raised by way of lottery; every £10 advanced to have a farthing a day interest, except the fortunate tickets, which were not entitled to any interest.

Some debts contracted upon 7 W. III. c. 2. were transferred to the land-tax-act of this session, upon which his majesty was authorised to borrow £1,500,000, at 8 per cent. and upon the general capitation, or poll-tax, (8 and 9 W. III. c. 6.) granted at the same time for one year, the like sum of £1,500,000 was to be raised on exchequer-bills.

These were the first exchequer-bills that were issued, and were made out for small sums; a great number of them being as low as £5 and £10, intended partly to supply the want of money during the re-coinage. At first they bore no interest, but, upon the second issuing of them from the Exchequer, after having been paid in on any of the taxes, they carried interest at *5d.* a day per cent. being £7 : 12 : 1 per cent. per annum. If they were not paid and cancelled out of the produce of the taxes, upon which they were issued, by 25th March, 1698, they were to be paid out of the arrears of the said taxes then outstanding: or, in default thereof, out of the money which should arise by any aid granted in the next session of parliament. Exchequer-bills, on the same terms, were also issued for £1,200,000 on the credit of a farther subsidy of tunnage and poundage, and on an additional shilling in the pound on land.

The deficiency arising from re-coining the hammered money, and the recompense to be given for bringing plate into the mint, to be converted into coin, were to be made good by several additional duties granted upon paper, vellum, and parchment; upon the credit of which, his majesty was enabled to borrow £125,000, at 8 per cent.

As the war was now ended, which had been the occasion of contracting these various debts, by which a new system was established of providing

for the necessary expenses, by throwing the burthen upon suceeding years, it may not be improper to state the total amount of these debts. With respect to which it must however be observed, that a considerable part differed from our present national debts, in being charged upon funds that not only paid the interest, but also discharged annually a part of the principal; this at least was the case since the acts of the last session, for making good the deficient funds: previous to which, it must be allowed, that *some* of the funds did not produce sufficient to pay even the interest of the loan charged upon them.

Amount of the National Debt, in 1697.

	£.	s.	d.
Tallies upon several parliamentary funds out-standing on the 23d Sept. 1697 -	8,882,544	15	1½
Tallies on the hereditary and temporary excise and post-office, outstanding on the 23d September, 1697 - -	700,000	0	0
Malt-tickets, on the act of last session -	1,270,000	0	0
Annuities - - - - - -	1,300,000	0	0
On the million lottery - - -	1,000,000	0	0
Bank stock - - - - -	1,200,000	0	0
	£14,352,544	15	1½
Deficiencies in the new funds since the last were made good, computed at -	1,493,000	0	0
Arrears to the army - - - - -	2,556,825	13	1½
Ditto navy - - - -	1,522,523	0	0
Ditto ordnance - - -	26,052	11	5¾
Total Debt	£19,950,945	19	8¾

The frequent anticipations of the different funds, and their general deficiency, from the diminution of the revenue, (in consequence of which, the interest due upon money lent to government was often long in arrear,) reduced public credit, previous to the conclusion of the war, to a very low ebb, and rendered monied persons very reluctant in advancing to government, though paid what would now be called an exorbitant interest. There appears to have been a general mismanagement of the public revenue; by which the officers of the treasury, and the receivers of the taxes, made unreasonable advantages to themselves, while the public was forced to pay great interest and large premiums, not only for the *want* of their own money, but as there is great reason to believe oftentimes for the *loan* of it; besides the loss arising from the failure of several receivers, who retained considerable sums in their hands.

The accumulation of the public debts caused serious apprehensions among people of property of all descriptions; and to propose proper means of reducing them and of augmenting the revenue was the principal object of Dr. Davenant in his Discourses, published in 1698: in one of which* he justly observes, "It will be better thrift to "exert ourselves strongly in the beginning, to "pay off the principal debt, than to leave it a "constant burthen upon the land and trade of England." Happy had it been for the country had

* *On the Public Debts and Engagements.*

the government followed such measures as might have effected this desirable object, and preserved posterity from a heavy burthen, and a worse example.

In January, 1698,* £2,700,000, including the funds already settled for that purpose, was granted for paying off the exchequer-bills of the preceding year: and, as the land-taxes and other provisions of the last session had produced considerably less than the sums at which they were estimated, £1,476,000 was granted for making good the deficiencies; viz.

For deficiency of the aid of 3s. in the pound, granted in the last session - . - -	£ 407,000
For deficiency of the subsidies and other duties, granted at the same time - - - -	940,000
For deficiency of the aid of 1s. in the pound -	129,000
	£ 1,476,000

* In the king's speech, 3d December, 1697, he observes, that "the "funds, intended for the last year's service, have fallen short of answer-"ing the sums for which they were given; so that there remain con-"siderable deficiencies to be provided for." He also observes that there is a debt upon the account of the fleet and the army; and that the revenues of the crown had been anticipated, by his consent, for public uses; so that he was wholly destitute of means to support the civil list. In consequence of this information, the commons, on 20th December, resolved, that a sum, not exceeding £700,000, be granted to his majesty during his life, for the support of the civil list. And, in the course of the session, the new additional subsidy of tunnage and poundage, before granted to 1st February, 1699, was continued, during the king's life, for making up this sum. The surplus to be disposed of as parliament should direct.

A select committee was appointed to examine the public accounts, who found very considerable sums in arrear for pay to the army and navy, and to several German princes, for the hire of troops employed in the late war: but, as the whole was thought too great to be discharged at once, only £981,288 : 13 : 9½ was granted for part of the arrears due to the army, and £1,259,922 : 4 : 4 for part of the navy arrears They also discovered a considerable fraud respecting the exchequer-bills; which, not bearing interest till re-issued from the Exchequer, several persons in the Excise, Customs, and Exchequer, contrived to get great sums of money by false endorsements on the bills, before they had been circulated and paid in upon the revenue; for which, two members of the house of commons were expelled, and committed to the Tower.

The new debts contracted, were as follows:—The annuities on single lives, being considerably in arrear, were again offered to be converted into annuities for 96 years, from January, 1695, at four years purchase, and the time for making these purchases was extended, by another act, to December 1st, 1698. Upon additional duties on coals and culm imported or carried coastwise, £500,000 was borrowed, at 7 per cent. for the first £100,000, and 8 per cent. for the remainder. On a quarterly poll-tax, granted for one year, £500,000; a considerable part of which, it will be found, remained undischarged in 1702. From the new East-India Company, established this year,

£2,000,000, at 8 per cent.* for the payment of which interest, additional duties on stamped paper and salt were granted for ever. The old East-India Company had offered to advance £700,000, at only 4 per cent. but, as a considerable sum was wanting to make good the large supplies that had been voted, the greater sum was preferred, though at double the interest, and the new company was established.† The whole of the £2,000,000 might have been taken up at an interest of 8 per cent. but the Treasury levied tallies of anticipation without interest upon it; and the public was put to no other charge of interest than for the sum of £62,000 struck in tallies, for a very pressing service of the navy, at an interest of 6 per cent. only.‡

It may also be proper to notice, a resolution of the committee of Ways and Means, though the bill brought in upon it was afterwards dropped; it was for granting an imposition, amounting to one-fourth of the real value upon all beneficial grants from the crown in England or Ireland, and upon all forfeited estates restored by the crown since the 29th May, 1660.

1698.—§By the land tax act, £1,400,000 might be

* The company was to cease upon re-payment of the principal, and receiving three years notice after Michaelmas, 1711. This term was extended to March 25th, 1726, (6 Anne, c. 17.)

† £16,000 was paid for receiving the contributions, besides an allowance of 1 per cent. or £20,000 to the subscribers.

‡ *Report of the Committee of the House of Lords in* 1730.

§ King's speech, 6th December, "The second thing I shall men-"tion to you, as of great consequence, is the making some farther pro-

borrowed, at 7 per cent. and the commissioners of the Treasury were empowered to issue malt-tickets and tallies upon several funds, then in the hands of the treasurer of the navy, amounting to £287,727 : 13 : 11 at a discount not exceeding 10 per cent. and to allow £40,000 by way of premium to contractors, for circulating exchequer-bills; from which an idea may be formed of the usual current price of those securities.

In January, 1700,* a strong contest took place between the ministry and the house of commons, in consequence of a determination of the latter to appropriate the forfeited estates in Ireland to the public use; in which, after several spirited resolutions of the house, they at length succeeded, from having

" gress toward discharging the debts, which the nation has contracted, " by reason of the long and expensive war. In this the public " interest as well as justice is concerned; and, I think, an English " parliament can never make such a mistake as not to hold sacred " all parliamentary engagements."

* The king's speech, on 16th November, 1699, contains the following passage: " I cannot omit to put you in mind of another matter, " in which so great a number of my subjects is concerned, and " wherein the honour of the kingdom, and the faith of parlia- " ment are so far engaged, that our future security seems to depend " upon it; I mean, the making good the deficiencies of the funds, and " the discharging the debts contracted by reason of the war; and, " till we may be so happy as to see the public debts paid, I shall " hope that no session will end, without something done towards " lessening them."

November 15th, 1699, The Earl of Tankerville was appointed first Lord of the Treasury, and John Smith, Esq. Chancellor of the Exchequer.

joined the bill with that for granting the land-tax. The money thus raised was appropriated to the payment of army arrears; and debentures, malt-tickets, exchequer-bills, and tallies or orders, upon several former acts, were to be taken as sterling money in the purchase of the forfeited estates: a provision well calculated to raise the value of government-securities and diminish the amount of the unfunded debt, which was at that time considerable. By another act, the reversionary annuities undisposed of were once more offered, either to persons having the life-annuity or others, at five years purchase, till the 2d November, 1700; on which £59,580 was advanced, although they had been offered the year before at one year's purchase less.* The total supplies for this year were considerably less than have ever been voted since; viz.

Supplies.	£	*Ways and Means.*	£
7000 seamen - -	364,000	Land-tax - -	1,000,000
Bounty to sea-officers -	18,000	Reversionary annuities	59,580
Ordinary of the navy -	184,342		
Extraordinaries ditto -	90,000		
Guards and garrisons	300,000		
Ordnance - - -	25,000		
Half-pay officers -	53,000		
	£ 1,034,342		£ 1,059,580

* The whole of the annuities thus converted from life-annuities into the certain term of 96 years, under this and former acts, amounted to £139,964 : 13 : 6 per annum.

December 9th, 1700, Lord Godolphin was made first Lord of the Treasury, Mr. Smith remaining Chancellor of the Exchequer.

In November and December, 1700, the ambitious designs of the French king occasioned considerable alarm in England, and the prices of her national funds and public stocks were so deeply affected by it as to sink so low as 50 per cent.

1701.—There being so great a probability of soon incurring new debts, induced ministers, in the next session, which began February 10th,* to pay more attention to those already contracted: the following sums were accordingly granted; viz.

	£.	s.	d.
For cancelling old exchequer-bills, by which the interest due was converted into principal bearing interest - - - - - -	100,000	0	0
For 7 quarters interest on the malt-tickets to Lady Day, 1699 - - - - - -	37,788	1	0
For one year's interest on the loans on the first 3s. aid - - - - - - -	33,847	18	5
For one year's interest on the loans on the vellum-duties - - - - - - -	1,232	0	0
For ditto of the money remaining due on the third quarterly bill - - - - -	18,381	12	0
For ditto of the loans on the third 3s. aid - -	1,738	0	7
For eighteen months interest on the leather-act	52,966	0	0
For completing the 66th payment upon malt-tickets	10,000	0	0

By an act for continuing various duties granted by former acts, his majesty was empowered to borrow £300,000, at 6 per cent. for the first £150,000, and 7 per cent. for the remainder; and, by another act,

* The king again particularly reminds the commons of the deficiencies and public debts occasioned by the late war, that were yet unprovided for.

£820,000, at the same rates, upon an appropriation of £3700 per week, out of the revenues charged with the civil-list income. A provision was also now made for the bankers' debt, contracted in the reign of Charles II.* by charging the hereditary excise, granted in 12 Charles II. from 26th December, 1705, with the interest, at 3 per cent. per annum, payable quarterly, on the principal for ever.

A bill was brought in for appointing commissioners to examine the public accounts, with more extensive powers than the former commission; and the persons named being men of sense, honour, and courage, there were some hopes that the object would be effectually accomplished. But, as many persons of considerable influence had little inclination to see a measure of this kind carried into effect, such amendments were made in the house of lords as were evidently partial; and could not be agreed to by the commons, without relinquishing their particular privileges. The commons saw the intention of these amendments, and appointed a committee to draw up their reasons why they could not agree to them; which they intended to offer to the lords at a conference, and afterwards ordered to be printed for the satisfaction of the people. The 1st is

(24th March, 1701.)

"Because it is notorious, that many millions of

* See page 13.

"money have been given to his Majesty, King Wil-
"liam, by the commons, for the service of the public,
"which remain yet unaccounted for, to the great dis-
"satisfaction of the good people of England, who
"chearfully contributed towards those supplies: and
"their lordships first amendment prevents any ac-
"count being taken of those moneys, by the com-
"missioners appointed by the commons for that
"purpose."*

As the king died, and a new war began before the end of the next session,† it may be proper to observe, that the total capital of the National Debt, on the 31st December, 1701, has been stated at £16,394,701 : 1 : 7¼, on which the interest paid was £1,109,123 per annum. And, although the following account is evidently incomplete,‡ it may serve to give an idea of the increase and diminution of the public debts, from the revolution to the death of King William.

* *A Letter to a New Member, &c.* also *Collection of Parliamentary Debates*, v. iii.

† The king, in his speech, 30th December, 1701, presses the house of commons to take care of the public credit, "which" (he says) "cannot be preserved but by keeping sacred that maxim, that "they shall never be losers, who trust to a parliamentary security."

‡ It is, however, corroborated by Chalmers in his *Estimate, &c.* page 56, from a transcript of the exchequer-books, which gives the totals borrowed and re-paid, and the sum remaining due Lady-Day, 1702, as above.

Account of Money borrowed and re-paid between 5th November, 1688, *and Lady Day,* 1702; *with the Debt remaining in each Year.*

		Borrowed.	*Re-paid.*	*Rem. due.*
5th Nov. 1688 to Mich.	1691	7,882,079	4,755,407	3,126,672
Mich. 1691 to Mich.	1692	3,058,291	2,806,941	3,378,022
	1693	4,300,427	3,378,228	4,300,221
	1694	3,188,801	3,573,169	3,915,854
	1695	5,521,826	3,844,492	5,593,188
	1696	4,931,104	1,678,177	8,846,114
	1697	6,647,453	2,569,256	12,924,310
	1698	2,191,171	2,992,155	12,123,326
	1699	1,878,400	2,526,009	11,475,718
	1700	1,028,178	2,121,130	10,382,766
	1701	2,064,937	2,250,506	10,197,197
Mich. 1701 to Lady Day	1702	1,408,128	1,538,548	10,066,777
		44,100,795	34,034,018	

Abstract of the Receipts and Payments, from the 5th of November, 1688, *to Lady-Day,* 1702.*

Receipts.

	£.	s.	d.
Remaining in the Exchequer, November 5, 1688	80,138	18	0¼
Customs	13,296,833	14	6
Excise	13,649,328	0	5¼
Hearth and letter money	2,008,597	7	8¼
Land-taxes	19,174,059	8	3½
Polls	2,557,649	7	7¼
Promiscuous taxes	7,531,305	18	11¾
Divers receipts	480,915	2	2
Borrowed more than repaid	13,348,680	5	10¼
Error			¼
	£ 72,127,508	3	6¾

* Appendix to Sir J. Sinclair's *History Pub. Rev.*

Issues.

	£.	s.	d.
Navy	19,822,141	4	6¼
Army	22,017,706	15	0¾
Ordnance	3,008,535	16	10¼
Civil-list	8,880,506	2	9
Divers issues, including £3,341,903 : 8 : 8¾ re-paid more than borrowed, and balance remaining of £619,159 : 13 : 6½ . .	18,398,618	4	4½
	£72,127,508	3	6¾

CHAPTER III.

The History of the National Debt, from the Commencement of the War in 1702 *to the Peace of Utrecht in* 1713.

As the nation was now burthened with a debt that was thought very considerable, and engaging in a war by which it was likely to be augmented, the sentiments expressed by their new sovereign, in her speech to the houses of parliament, on the 30th March, 1702, must have afforded some satisfaction to the people. Upon giving the royal assent (among other bills) to "An Act for the better support of "her Majesty's household, and of the honour and "dignity of the crown," by which the civil-list revenue of £700,000 per annum was granted for life, the queen, after returning her thanks, assured them, "that, while her subjects remained under the bur-"then of such great taxes, she would straighten "herself in her own expenses, rather than not con-"tribute all she could to their ease and relief, with "a just regard to the support of the honour and "dignity of the crown: that it was probable the re-"venue might fall very short of what it had formerly "produced; however, she would give directions, that

"£100,000 should be applied to the public service "in that year, out of the revenue they had so unani-"mously given her." This voluntary contribution appears to have been continued for four years.*

The civil-list income being settled, commissioners were appointed for examining and stating the public accounts of the kingdom, that both her Majesty and the whole kingdom might be satisfied and truly informed therein: † a measure that had been too much neglected in the preceding reign; in which, from a want of regularity in the public accounts, and the parliament not paying sufficient attention to the subject, they had been frequently led to charge loans upon very inadequate funds, or which were sometimes already overcharged by former loans. Hence arose great and frequent deficiencies, for which a considerable provision had been made in 1696; and which having again accumulated, and having been suffered to remain undischarged during a period of peace, were now to be provided for in the first year of a *war*, when money was much wanted for other purposes. An act was accordingly passed, for making good the following deficiencies, "and *preserving public credit.*"

* It is very doubtful whether it was any proof of the economy or patriotism of the queen, since, at the end of the war, the sum of £500,000 was raised for paying off the *arrears* of the civil-list. The author of *Anecdotes of the Life of Earl Chatham*, vol. ii. page 316, calls it a manifest and gross cheat upon the public, and one of the most scandalous actions that the crown ever committed by any administration.

† Preamble to 1 Anne, c. 10.

	£.	s.	d.
To discharge all exchequer-bills outstanding, with interest	515,165	4	7¼
Deficiency of land-tax-act (8 W. III. c. 6.) .	415,099	0	0
Ditto of duties on paper, pasteboard, &c. (8 W. III. c. 7.) :	15,400	0	0
Ditto of duties on malt (8 W. III. c. 22.) . .	579,060	0	0
Ditto of duties on leather (8 W. III. c. 21.) .	504,438	0	0
Ditto of the quarterly poll (9 W. III. c. 38.)	212,770	17	0
Upon the land-tax-act for 1699 (10 W. III. c. 9.)	25,823	2	9
To complete payments to Michaelmas 1701 on 9 W. III. c. 44.	70,872	11	1½
	£ 2,338,628	15	5¾

Provision for this sum, with the interest due and growing due thereon, was made by continuing to the 1st of August, 1710, the duties of tunnage and poundage, and various others already mortgaged for four years to come.

In order to raise the supplies for the year, the malt-tax, which had been considered burthensome to the poor, was revived, and has been regularly continued ever since. The land-tax was again raised to 4*s.* and a duty of 50*s.* per cent. laid upon the value of all stock in trade; of 25*s.* per cent. upon all money at interest; of 5*s.* in the pound upon all salaries, fees, and perquisites, of offices, ecclesiastical, civil, or military; of 4*s.* in the pound upon all annuities, pensions, stipends, &c.

1702.—In the session,* which began the 20th Oct.

* The queen, in her speech, desires the commons to inspect the accounts of the public receipts and payments, that if there had been

her majesty was authorised to borrow £500,000, upon an act for continuing the duties upon coals; the first £200,000 at 5 per cent. per ann. and at 6 per cent. per ann. for the last £300,000, payable quarterly: also, £600,000, at 5 per cent. per ann. on a tax upon stock in trade, money lent at interest, and all incomes and professions: which, if it could be strictly levied, would evidently have produced a very considerable sum, but proved deficient by £17,384 : 9 : 7.

As the life-annuities, granted in 1693 and 1694, had never been all converted into annuities for a certain term, (though so frequently offered for that purpose,) and as some of these annuities, upon which no farther interest had been purchased, were determined, amounting to £5842 per ann. the sum of £87,630 was now raised, by selling annuities for eighty-nine years, from 25th Jan. 1703, at £210 for every £14 annuity, or fifteen years purchase; which were made payable out of the funds formerly charged with the payment of the annuities determined.

The commissioners of accounts, appointed in the preceding year, having made their report, the house

any abuses or mismanagements they might detect them, and the offenders be punished; that others might be deterred by such examples from the like practices. The queen also observes, that the funds given by the last parliament had, in some measure, fallen short of the sums proposed to be raised by them; and, though she had already paid and applied to the public service the £100,000 promised to the last parliament, yet it had not supplied those deficiencies.

was struck with the consequence of parliamentary inattention to the national finances, of the want of order and regularity in the public accounts, and of the latitude allowed to those intrusted with the public money. They, accordingly, presented a long address to the queen, on the 12th of February, in which they make great complaints against many persons employed under government; and observe, that the great increase of the debt did not arise so much from the inadequacy of the funds as from want of proper care in the management, and fidelity in the application of them. They say that great sums of money have been borrowed, and tallies, bearing interest, struck unnecessarily upon the assessments and other parliamentary aids, before the public occasion required them; and, as many persons did not advance their money for several months after the tallies were struck, the public paid interest for money of which they had not the use; and, for want of it, were often obliged to make their contracts at exorbitant rates. That large sums had been diverted out of the aids given by parliament, under the head of secret services, and for payments to private persons, which ought to have been supplied out of the civil list. That, by the neglect of the officers of the Exchequer, most of the public accomptants were either far behind in their accounts or had never brought in any accounts at all; insomuch, that, although £45,568,725 : 19 : 2¼ had been levied on the people, and issued out of the Exchequer, for the service

of the late war, between the 5th Nov. 1688, and 8th March, 1702, (besides the several millions of money raised for other public uses,) yet the far greater part thereof had not been accounted for to this day : to the great dissatisfaction of the people, and the great dishonour of the English nation.

1703.—Whatever effect this inquiry might have in convincing the house of commons of a most shameful neglect on the part of those who had superintended the application of the public money, it certainly did not render them wiser with regard to the mode of raising it; for, in the next session, they resolved upon one of the most destructive expedients that was ever resorted to. In order to raise £900,000 towards the supplies, annuities were sold for ninety-nine years, from 25th March, 1704, at fifteen years purchase, being one year and three-fifths less than their real value: but, as the £3700 per week, from the hereditary excise, (by 12 W. III. c. 12.) upon which they were to be charged, was already mortgaged till the 25th Dec. 1705, annuities were to be sold for the sum of £1,018,867 : 18 : 6, of which £118,867 : 18 : 6 was for paying the first year and three-quarters of these annuities, to the time when the fund upon which they were charged would be disengaged. The sum of £300,000 was also borrowed upon annuities for *one life*, at nine years purchase; upon *two lives*, for eleven years purchase; and, upon *three lives*, for twelve years purchase; or, for ninety-nine years, from 25th March,

1704, at fifteen years purchase:* and, upon an act for granting an additional subsidy of tunnage and poundage for three years, the sum of £500,000 was raised, at 5 per cent. interest.

1704.—In the session, which began 24th October, £877,930 : 19 : 3½ was raised upon the plan adopted in the last session, viz. £690,000 for purchasing annuities for ninety-nine years, from 25th Dec. 1705, at fifteen years purchase; and, for the remaining £187,930 : 19 : 3½, persons entitled to annuities for *one life*, under the act of the last sessions, might, upon paying *six years purchase*, or for *two lives four years purchase*, or for *three lives three years purchase*, (that is, making up in each case, with what had been paid, fifteen years purchase,) change the same into an annuity for the term of ninety-nine years, from 25th March, 1704.

Upon an act for continuing various duties to the 24th June, 1710, and for granting several new impositions to the same period, government were em-

* The annuities sold upon this act were

For ninety-nine years . . .	£ 67,924	10	6½
Single lives	22,313	6	8
On two lives	10,528	0	0
On three lives	3,979	13	4
	104,745	10	6½
Charges of management .	1,200	0	0
	£ 105,945	10	6½

The annuities commenced from 25th March, and the lives were to be nominated by the 1st of May.

powered to raise £700,000, at 6 per cent. per ann. payable quarterly. Also, on an act for granting a farther subsidy on wines and merchandize imported, £636,957 : 4 : 0½, at the same interest.

1705.—The next session* began the 25th Oct. and the only money borrowed, besides the usual loans upon the land and malt acts, was £2,855,761 : 16 : 2 on annuities for ninety-nine years, from 25th March, 1706, which, from the increase of the national credit, attendant on the success of our arms, and a better management of the public revenue, were now sold at fifteen years and a half's purchase; of this sum, £2,575,761 : 16 : 2 was to be applied for carrying on the war, and £280,000 to be reserved as a part of the fund for payment of the annuities.

1706.—As the great success in the campaign of 1706 had, instead of affording government an advantageous opportunity of concluding a peace, rendered them more determined in the prosecution of the war; and as, in this war, the practice was much extended of subsidising foreign princes, it is unnecessary to say that the expenses were rapidly increasing; and, consequently, the necessity for contracting new debts and imposing new taxes. Towards the supplies for 1707, £1,500,000 was raised on exchequer-bills, which the Bank undertook to circulate, upon being allowed from government 4½

* The queen in her speech, 25th October, says, "I will continue to add, out of my own revenue, all I can reasonably spare beyond the necessary expenses for the honour of the government."

per cent. per ann. payable at the Exchequer weekly, with permission to make the bills carry such interest as they should please to indorse upon them, and to make a call upon the proprietors for any sum that might be thought necessary. The addition made to the Bank capital, by this call, was £1,001,171 : 10 : 0, which, with their original capital of £1,200,000, (for the addition by subscription of £5,160,459 : 14 : 9¼ in tallies, &c. in 1697,* was now all paid off,) made their capital amount to £2,201,171 : 10 : 0. This was the first time the Bank undertook the circulation of exchequer-bills, which the government has since found a great accommodation. As the fund upon which the interest was charged would not be free from its former mortgage till 1st Aug. 1710, and as it was probable there would be little or no surplus arising from it till that time, the Treasury were empowered to issue exchequer-bills for the *interest or allowance* on the £1,500,000 to be thus raised.

£1,155,000 was raised by annuities for ninety-nine years, from 25th March, 1707, which were now sold at sixteen years purchase; and, out of the sum thus raised, £35,000 was to be reserved towards making good the quarterly payments on these annuities to Michaelmas, 1710: the full sum being subscribed, the annuities amounted to £72,187 : 10 : 0 per ann. The sum of £822,381 15 : 6¼ was likewise borrowed, at 6 per cent. upon an act for continuing various duties to 1st August, 1712, with permission to borrow likewise such far-

* See page 40.

ther sum as should be found necessary for paying the interest quarterly, till the duties appropriated by this act should become sufficient for that purpose. The tendency of such ruinous expedients is obvious.

As the union of England and Scotland took place from 1st May, 1707, it may be proper to observe, that the land-tax for the next year, at four shillings in the pound, was divided as follows: £1,995,882 : 0 : 5½, to be raised on England, Wales, and Berwick-upon-Tweed, and on Scotland, £47,954 : 16 : 0, free of all charges, making together £2,043,836 : 16 : 5½; according to which proportions (with some inconsiderable alterations,) it has been annually granted ever since: although it is well known, that, at four shillings in the pound, it never produced the sum here stated, the deficiency being always made good among the grants of the following year. By the terms of the treaty of union, the people of Scotland, for preserving an equality of trade throughout the united kingdom, became liable to several customs and excises payable in England; which, being applicable to the payment of the debts of England, contracted before the union, it was agreed, that Scotland should have an equivalent for what the subjects thereof would be so charged towards the payment of the said debts of England; which equivalent was stipulated to be £398,085 : 10 : 0, which was to be applied for indemnifying private persons for the losses they might sustain by reducing the coin of Scotland to the standard and value of the coin of England; for indemnifying the sufferers in

the late African and Indian company of Scotland; for discharging the public debts of Scotland; and for promoting their fisheries and manufactures.

1707.—In the session, which began 23d October, £1,920,000 was raised by the sale of long annuities, similar to those before granted; viz. £640,000, on annuities for ninety-nine years, from 25th March, 1708, at sixteen years purchase; out of which sum £540,000 was granted towards the supplies, and the remaining £100,000 to be reserved for making good the payments of the annuities, amounting to £40,000 per ann. for the first two years and a half, to 30th Sept. 1710. £1,280,000, on annuities for ninety-nine years, from 24th June, 1708, also at 16 years purchase; and out of this sum £1,020,000 was granted towards the supplies, and £260,000 to be reserved* for making good the payments of the annuities, amounting to £80,000 per ann. till the 1st August, 1712, the time when the duties upon which they were charged would be disengaged from mortgage.

A new agreement was at this time entered into

* This was either applied to other purposes, or was found insufficient, (being only the payment for three years and a quarter,) as the house of commons, 23d Feb. 1712, passed a resolution for making good the sum which then was, or before the 1st August following should be, deficient on the payment of these annuities; and, also, on the annuities of £40,000 per annum, with respect to which the sum reserved appears to have been fully adequate to the payments till the commencement of the fund upon which they were charged.

with the East-India Company:* who, upon an extension of the term of their charter to 25th March, 1726, advanced £1,200,000, in six instalments of £200,000 each, for the use of government; for which they were not to have any interest, but to continue to receive their former annuity of £160,000. Their capital thus became £3,200,000, and the interest received equal to 5 per cent. upon the whole. To enable the company to make good this loan to the public, they were empowered (by 6 Anne, c. 17.) to borrow the sum of £1,500,000 on bonds, and also to make a call on their proprietors.

£729,067 : 15 : 6¾ was to be borrowed, at 6 per cent. per ann. payable quarterly, upon an act for continuing the half subsidies or duties on wines, vinegar, tobacco, India goods, &c. and for imposing a duty upon prize-goods. The same pernicious plan was adopted on this as on loans of the preceding year, by borrowing a farther sum for paying the quarterly interest, till the duties should become sufficient for that purpose.

1708.—A new agreement with the Bank was adjusted towards the end of the year 1708, and sanctioned by parliament early in 1709, by means of which a considerable sum was obtained for the public service. The capital of the company, at their establishment, in 1694, was £1,200,000:† in 1697, they

* The new and old East-India Companies had been previously united in 1702.

† See page 30.

were authorised to increase their capital, for paying off tallies or orders upon the deficient funds;* and, in 1707, a call was made from the proprietors to enable the company to undertake the circulation of £1,500,000 exchequer-bills,† by which means their capital stock was augmented to £2,201,171 : 10 : 0. They now engaged to cancel all the above exchequer-bills, with those that had been issued for paying the interest as it became due, amounting together to 1,775,027 : 17 : 10½, including interest then due; and to circulate new exchequer-bills to the amount of £2,500,000. Also, to pay into the Exchequer, before 25th August, 1709, £400,000, on which they were to receive interest only till the 1st August, 1711. This made their original capital of £1,200,000, at 8 per cent. amount to £1,600,000, at 6 per cent. The rate of interest to be allowed on the amount of exchequer-bills cancelled was 6 per cent. or, in the whole, £106,501 : 13 : 5 per annum; and the new exchequer-bills were to carry 2*d*. per cent. per day; over and above which they were to have 3 per cent. per ann. from the time the bills were issued to the day they should be discharged.‡ To enable the company to fulfil this agreement, they were empowered to double their capital; for which purpose they had lately taken subscriptions at the rate of £115 for every £100 stock, by which they

* See page 40. † See page 62.

‡ Navy-bills, at this time, carried 6 per cent. interest.

raised £2,531,347 : 4 : 6, and the capital stock of the company became £4,402,343. Till the new exchequer-bills were paid off and cancelled, no more were to be issued by government without the consent of the Bank. But, by another act of the same session, (c. 8.) the Bank was authorised to agree to circulate farther exchequer-bills, on the same terms, for £612,739.

Although the effect of converting the interest into capital as it became due was obvious in the increased capital of the exchequer-bills to be cancelled, the consequence was so far from convincing government of its impropriety, that it was immediately resumed on a more extensive scale: for, the duties appropriated for paying the new income to the Bank being charged with the payment of former debts, the Treasury were impowered to issue new exchequer-bills, every quarter, for payment of the interest and premium as it became due, until the funds appropriated should be sufficient to answer the same. Thus, for *four* or *five* years, we were to borrow money quarterly, to pay the interest growing due upon the principal, and that interest to be quarterly converted into principal, bearing interest at the rate of 6 per cent. and so on, till the appropriated fund should become sufficient to answer the same.* £645,000 was also borrowed on the same plan, at 6 per cent. per annum, upon an act for continu-

* *History of our National Debts and Taxes,* part ii. page 104.

ing several duties to 1st August, 1716, upon which such farther sums were also to be borrowed as should be found necessary for paying the quarterly interest, till the duties should be disengaged, and become sufficient to satisfy the same. Upon this act the Bank also undertook to circulate exchequer-bills for the farther sum of £400,000, at the same premium as on the bills they had before undertaken to circulate.

In 1710, the practice of raising money for the public service by lotteries was revived; in which mode the sums of £1,500,000 and £900,000 were obtained. The first consisted of 150,000 tickets, at £10 each, every ticket being entitled to an annuity for thirty-two years, the blank at 14*s.* per annum, and the prizes to greater annuities, from £5 to £1000 per annum.* The annuities on the fortunate tickets were paid half-yearly, at Lady-day and Michaelmas, and amounted to

* There were 3750 fortunate tickets, viz.

1 of	£1000 per ann.
3 —	500
4 —	400
4 —	300
4 —	200
20 —	100
30 —	50
100 —	20
601 —	10
2983 —	5
3750	

£32,625 per ann. Those on the blanks were paid yearly, at Michaelmas, and amounted to £102,373 12 : 0 per annum.* The contribution was to be paid into the Exchequer, on or before the 1st Sept. 1710, and interest at 8 per cent. per annum to be allowed the subscribers, from the time of actual payment to the 29th Sept. 1710, the day from which the annuities commenced. The books for receiving subscriptions to this lottery were opened on the 20th January, 1710, at Mercer's Chapel, and above £600,000 was subscribed the first day.†

The second act was for raising £900,000 by the sale of annuities for thirty-two years, from 29th Sept. 1710, at the rate of 9 per cent. or $11\frac{1}{9}$ years purchase; and, if the whole was not subscribed before 1st May, 1710, the residue was to be raised by a similar lottery to that just mentioned. The annuities upon this act amounted to £81,000 per annum.

The other loans, towards the supplies for this year, were £500,000, at 6 per cent. per annum, payable quarterly, upon an act for laying a duty upon candles and a tax upon apprentices; and £1,296,552 : 9 : $11\frac{3}{4}$, at 6 per cent. per ann. payable quarterly, upon an act for continuing various duties to the 1st of August, 1720; but, as these

* 5 Geo. I. c. 19.

† "*Hist. of our Customs, Aids, Subsidies, National Debts, and* "*Taxes,*" part ii. page 63. This was the first lottery on which the Bank received the subscriptions for government.

duties were already anticipated for six years to come, the surplus of the salt-duties was to be applied, in the mean time, to the payment of the interest of the sum thus borrowed; and, if there was no surplus, or not sufficient, the Treasury were impowered to borrow money, quarterly, at 6 per cent. for making good the said interest. The insufficiency of the provision from the salt-duties is evident, from its being found necessary to borrow £74,875 : 19 : 1¼ in the first year, for paying interest on this loan to 25th March, 1711; so that, if the surplus was not likely to increase, this was plainly borrowing money at 6 per cent. compound interest.

As in the year 1710 there was a total change of ministers, it may not be improper to give an abstract of the receipts and payments from the commencement of the war to that period.

Receipts.	£
Balance remaining at Lady-day, 1702, (see page 54.)	619,160
Customs .	10,683,819
Excise .	14,254,568
Letter-money .	1,520,401
Land-taxes .	16,285,904
Poll-taxes .	5,287
Promiscuous taxes .	2,251,172
Sundry other receipts	84,887
Loans, being the excess in such years in which more was borrowed than repaid	17,361,196
	£ 63,066,394

Payments.	£
Navy .	17,066,052
Army .	23,582,052
Transports .	716,220
Ordnance .	1,863,532
Civil-list .	5,799,092
Miscellaneous services	9,678,506
Interest of loans .	3,799,879
Balance remaining	561,061
	£ 63,066,394

1710.—In the first session of the new parliament,* which began the 25th November, the sum of £1,500,000 was raised upon a lottery of 150,000 tickets, at £10 each; and the whole money advanced was to be repaid, both on blanks and prizes, in thirty-two years, from 29th Sept. 1711, with interest, at 6 per cent. per ann. payable half-yearly, with the additional sum of £428,570, to be divided in prizes, and paid, with the like interest, in thirty-two years. This addition of about £28 : 11 : 5 per cent. on the prizes was the first instance of a dou-

* The queen, in her speech, 27th Nov. mentions, that the navy, and other offices, are burthened with heavy debts, and desires that some way may be found to answer those demands, and to prevent the like for the time to come.

August, 1710, Lord Godolphin being removed from his post of Treasurer, this important office was put into the hands of commissioners, who were the Earl of Powlet, Mr. Harley, Sir Thomas Mansel, Mr. Paget, and Mr. Benson; Mr. Harley, through whose influence and advice chiefly the late ministers had been removed, being also appointed Chancellor of the Exchequer.

cur to the subscribers upon the modern plan of entitling them to a larger capital than the sum actually advanced: a practice which has contributed so much of late years to the increase of the public debts.

An act was also passed for laying a new duty upon the importation of hops, and an excise of a penny per pound upon all hops grown in Great Britain; upon credit of which government were empowered to borrow £180,000, at 6 per cent. per ann. payable quarterly.

The proprietors and inhabitants of the islands of St. Christopher and Nevis having greatly suffered by the invasion of the French in 1705, it was enacted, (by 9 Anne, c. 23.) in order to encourage the sufferers to resettle their plantations, that there should be distributed, amongst such proprietors as had or should resettle, £103,003 : 11 : 4, in proportion to their losses, by debentures to be issued by the commissioners for trade and plantations, at 6 per cent. interest.

Although the new minister was known to be endeavouring to bring about a peace, the moneyed men did not approve of his measures; which, with the great amount of the floating debt, brought government-securities to a large discount: in consequence of this an agreement was made with the Bank for reducing the amount of exchequer-bills. The company undertook to circulate all those then outstanding, by paying the principal and interest due upon them when demanded, with all such as were to be issued under the authority of several late acts for

paying interest upon sums borrowed on anticipated funds; for this purpose they were to receive from government £45,000 per annum, besides the 3 per cent. before allowed for circulating them, till the bills outstanding should be reduced to £1,900,000.*

About this time was adjusted one of the most important transactions relating to the finances of the country. This was the establishment of the South-Sea Company, a project, which, whatever might be the intentions of those who planned it, with respect to the commercial views that were the ostensible object of the scheme, certainly afforded considerable relief to government by consolidating various debts, and making a sort of provision for them, which contributed to the support of public credit. There happened at this time to be a very large arrear of navy, transport, and victualling, debentures, without any fund being established for putting them in a regular course of payment: for this reason, and also on account of the measures of the new minister, (who was by no means popular with the moneyed interest,) they were at a considerable discount. It became necessary therefore for government to devise some plan for reviving the drooping credit of the country; and it was thought, if a fund should be provided for payment of the interest of this arrear, and if some hope of commercial advantages should be held out as a bonus

* For extending the circulation of the bills, the Treasury were empowered, if the Bank should desire it, to issue smaller bills, of £6 : 5 : 0 each.

to the creditors, that the tide of public opinion would turn in favour of the existing administration.

A scheme was accordingly adjusted and brought forward by Mr. Harley, then Chancellor of the Exchequer, and the opinion of its efficacy for retrieving the languishing state of public credit was so great, that, upon his being created Earl of Oxford in the same year, this service was particularly mentioned in the patent as one of the chief reasons for advancing him to that honour.* The plan was, that the holders of tallies, &c. should be erected, by royal charter, into a company for exclusively trading to the South Seas, &c. in addition to which, government were to allow them 6 per cent. per annum for their debt, and also £8,000 per annum for management.

The debts and deficiencies to be provided for by this means were the following; viz.

	£.	s.	d.
Debt of the navy, to 29th September, 1710 .	5,130,539	5	5
Debt of the office of ordnance, to 29th September, 1710	154,324	15	8¼
For transport-service, to ditto	424,791	5	4¼
Principal and interest on army and transport debentures, to ditto	1,018,656	17	9½
Principal and interest to 29th September, 1710, of deficient tallies and orders, on 9 W. III. c. 13. and 1 Anne, stat. 2. c. 4. . . .	12,025	1	0
Carried forward . .	6,740,337	5	2¾

* He was chosen governor of the South-Sea Company, at a general court held 15th August, 1711.

	£.	s.	d.
Brought over	6,740,337	5	2¾
Debts incurred between the 29th September and 25th December, 1710, in the navy, victualling, and transport, offices, with interest .	378,859	5	8¼
Subsidies to the Elector of Hanover and Duke of Zell	9,375	0	0
Computed interest from 25th December, 1710, to 25th December, 1711,* on such of the above debts as carry interest , . . .	85,000	0	0
Borrowed for the service of the year 1710,† (8 Anne, c. 13.)	1,296,552	9	11¾
Interest on ditto to 25th March, 1711	74,875	19	1¼
	8,585,000	0	0
Interest on the amount of the above sums, from 25th March ‡ to 25th December, 1711, at 6 per cent.	386,325	0	0
Total of debts, deficiencies, and interest . . .	8,971,325	0	0
To be raised for the service of the year . . .	500,000	0	0
	£ 9,471,325	0	0

For paying interest upon the above sum, amounting to £568,279 : 10 per annum, the duties continued

* This is evidently an error in the act, the sum is much too small for *a year's* interest, and should most probably be for *one quarter's* interest to 25th March, 1711; as the interest from that time to 25th December, 1711, is afterwards computed on the whole.

† See page 71. This subscription of the subsidy-tallies of the year 1710 was in order to have the general mortgage free at the year 1716, to be made a fund for paying the interest of the whole debt provided for by this act.

‡ Previously to this time, part of the above debts did not bear any interest; but, on their forming part of the company's capital, interest was paid on the whole.

by acts (8 Anne, c. 9 and 13) of the last session were made perpetual; if these duties should prove deficient in any year, the deficiency was to be made good out of the next aids granted by parliament; and, if there should be any surplus, it was to be applied towards discharging the principal; but, as the duties were already charged with the re-payment of former loans, the interest growing due was to be paid quarterly, out of any moneys or public securities in the hands of the treasurer of the navy, which were not otherwise appropriated, till the time when the funds would become free.

As some of the above sums were only estimates, and as the proprietors of tallies and other public securities were under no *obligation* to subscribe them into the stock of the intended company, it could not be expected that the total of this statement would be the *exact* amount of the company's capital. It was directed, that an account should be made out, and transmitted to the Exchequer, of the real amount of their stock on the 25th December, 1713, when it appeared their actual capital was £9,177,967 : 15 : 4, on which the interest at 6 per cent. amounted to £550,678 : 1 : 3¾ per annum.*

* In the queen's speech, on concluding the next session, 16th July, 1713, this transaction was alluded to in the following words: "At your first meeting, you found a method, without farther charge "to my people, to ease them of the heavy load of more than nine "millions; and the way of doing it may bring great advantage to "the nation." It is not very easy to comprehend how the public could be said to be *eased* of this burthen by making it *perpetual*.

Although £1,500,000 had been borrowed upon a lottery, £180,000 upon the hop-duty, and £500,000 towards the supplies was to be included in the capital of the South Sea Company, the farther sum of £2,000,000 was found necessary for carrying on the war, and the mode chosen for raising it was by another lottery, upon terms still more extraordinary than the former. This was called a *class lottery*, and consisted of all prizes and no blanks, the prizes being formed by dividing the additional sum of £602,200 among them, with a profit of £10 each upon every blank, and the whole capital of £2,602,200 was entitled to an interest of 6 per cent. payable quarterly, till the principal should be paid off.* The number of tickets was 20,000, of £100 each. By this scheme, the public paid, besides the interest, (amounting to £7 : 16 : 1½ per cent. on the sum advanced) a premium of £30 : 2 : 2 per cent. for the money borrowed.

In consequence of an investigation of the conduct of the late ministry, great frauds and mismanagement were discovered in several public offices. Among other things, it appeared, that, on the 8th December, 1710, there was an arrear of the land-tax for five years, ending 24th March, 1709, of no less than £272,596 : 8 : 8 in the hands of the re-

* The yearly fund established for discharging principal and interest was £186,670 per annum for 32 years, from 29th September, 1711; and in the next session an addition was made to it of £50 per annum.

ceivers; and that, at Christmas, 1710, there remained the enormous sum of £35,302,107 of public money, unaccounted for.* These gross abuses were strongly represented in an address to the queen, and declared by the house to be a notorious breach of trust; but it does not appear that the delinquents were ever brought to punishment, except in one or two instances.

1711.—In the next session,† which began 7th December, lotteries were again resorted to, as the mode of raising the greater part of the sum wanting towards the supplies. Upon an act for imposing various new taxes, consisting chiefly of excise-duties, £1,800,000 was borrowed by way of lottery, at £10 a ticket; with an additional capital of £541,740, The duties were granted for establishing an annual fund of £168,003 for 32 years, from Christmas 1712, in which time the principal of £2,341,740, with the interest at 6 per cent. was to be paid off; and, if the fund proved deficient, the deficiency was to be made good out of the next aids granted by parliament. The premium upon the sum borrowed by this scheme

* *History of our National Debts and Taxes, &c.* part ii. page 130. It is probable, however, that most of the accounts would have been furnished, had not the ministry and parliament neglected to call for them.

† The queen's speech, 11th December, mentioned that both place and time were appointed for opening the treaty of a general peace. The negociations commenced at Utrecht, in December, 1711, or January, 1712.

was about £30 : 1 : 11 per cent. and the annual interest at the rate of £7 : 16 : 1 per cent.

The like sum of £1,800,000 was raised on a *second* lottery, at £100 a ticket; with an additional capital of £541,990, the whole bearing interest at 6 per cent. secured upon a fund of £168,003 per annum, by which the principal and interest was to be paid off in 32 years, from 29th September, 1712; with a similar provision that any deficiency of the fund should be made good out of the next aids granted by parliament. Thus, at a time when there was every probability of a speedy peace, money was borrowed for the public service at £7 : 16 : 1½ per cent. with an engagement to pay a premium of £30 : 2 : 2 per cent.

Several highly improper practices having been detected by the commissioners of accounts, in the management of contracts for the service of the army, Robert Walpole, Esq. afterwards Earl of Orford, and Adam Cardounel, Esq. secretary to the Duke of Marlborough, were expelled the house, and the former committed to the Tower; even the people's favourite General was by no means undeservedly censured in this respect,* and the house of commons passed a resolution, that his conduct, in taking several sums of money annually from the contractors for furnish-

* The Duke, however, endeavoured to defend his conduct, on the same ground as such practices are usually justified, that it had been done before by others.—See *The Duke of Marlborough's Case and Vindication of himself.*

ing the bread and bread-waggons for the army in the low countries, was *unwarrantable and illegal.*

These circumstances, and the flagrant abuses that had been brought to light in the last session, serve to lesson our surprise at the great expense of this war, and the rapid increase of the public debts: but surely it is a matter of astonishment, that, after having discovered them, the parliament should take no effectual means for recovering the large sums that had been embezzled or witheld, and for applying what they had decided to be "*public money*" to the public use; but possibly they might think it would be establishing a bad *precedent.*

In January, 1712, a bill was ordered to be brought in to continue the act of the last session, for taking, examining, and stating, the public accounts for one year longer; and, on the 17th March following, a second report of the commissioners of public accounts was laid before the commons, in which they present a state of the receipts and payments at the Exchequer from Michaelmas 1710, to Michaelmas 1711, with observations on several mismanagements in the public revenue of Scotland; and on many neglects and irregularities in accounting for the public money in England; observing, that, as the neglect of passing accounts, according to the rules of the Exchequer, had been a great detriment and loss to the public, so it had been a great prejudice, that many accounts had been passed by privy seals, and in an extraordinary and irregular manner, not so much

to supply tbe want of form as to justify unreasonable and extravagant payments.

1713.—In consequence of the negociations for peace, the opening of the next session* was deferred till the 9th April; and, as the treaty was then signed, the ministry thought proper to reduce the land-tax to 2*s.* in the pound. This measure was sure to please their friends in the house, and the landed interest in general; but, as a sum considerably greater than what would be thus raised on land and upon the malt-duty† was wanting for the service of the year, it was resolved to raise £1,200,000 by issuing new exchequer-bills. These bills carried interest at 2*d.* a day per cent. and the bank undertook to circulate them upon being allowed 3 per cent. per annum, payable weekly, and the farther sum of £8000 per annum payable quarterly: which payments, with the yearly sum of £45,000, pursuant to the agreement of the year 1711,‡ were to be continued until the total amount of outstanding exchequer-bills should be reduced to £1,900,000. A provision was also made for applying the annual sum of £270,999 : 7 for paying off and cancelling exchequer-bills; but, as the fund out of which this was to arise was not disen-

* The queen informed the house of commons, that "As great a "progress has been made in reducing the public expense as the "circumstances of affairs would admit."

† The malt-duty was now first extended to Scotland, which had hitherto been exempt from it, under the 14th article of the union.

‡ See page 73.

gaged from former mortgages, recourse was again had to the pernicious expedient of empowering the Treasury to compute quarterly what was due for premium and interest, and to issue new exchequer-bills for the same, at the like rate of interest and premium, for circulation, until the fund upon which they were charged should become free, and sufficient to answer them.

CHAPTER IV.

The History of the National Debt, from the Peace of Utrecht, in 1713, *to the South-Sea Bubble in* 1720.

AS the late expensive war had brought considerable burthens on the country, by the number of new taxes which it had been found necessary to establish in order to provide funds for the various loans; and as the new ministry were willing to ingratiate themselves with the people, by avoiding, for the present, any new impositions; it cannot be expected that much would be done towards discharging the incumbrances that had been so rapidly accumulating; particularly as the peace was not ratified till the end of the session. £500,000 was granted to discharge debts and arrears, due in 1710, on the civil-list revenue, in consequence of a message from the queen to the commons on 25th June, 1713, informing them of the difficulties she laid under by debts contracted in her civil government, and hoping that they would not be unwilling to empower her to raise such a sum of money, on the civil-list funds, as might enable her to discharge those debts. This

sum was raised by a lottery* and charged upon £35,000 per annum, payable for 32 years, from Michaelmas, 1713, out of the civil-list revenue. It must be allowed, that there was more excuse for contracting this debt, which afterwards became a charge upon the public, than has appeared in several subsequent applications to parliament for discharging civil-list debts; particularly as the contributions made by the queen in the first years of her reign must have reduced her income below £600,000 per annum.†

The only provisions for deficiencies were for making good the quarterly payments to the South-Sea Company, and on the class-lottery of 1711, amounting together to £602,321 : 12 : 0¼.

In the course of this session, it appeared, from the reports of the commissioners of accounts, that William Churchill, M. P. (who had been a commissioner for sick and wounded seamen,) had reserved to himself half the profits on some contracts made by that board, and that the Earl of Wharton had received £1000 for the procuration of a place; but, as these offences were committed prior to the act of indemnity of 1709, the house could only pass general votes of censure, declaring similar practices to be notorious and scandalous corruptions.

* The capital created was £633,010; the interest 4 per cent.

† There was, however, a suspicion that the civil-list funds, which were first given for about £700,000 per annum only, yielded at this time above £850,000; and, though the commons addressed the queen for an account of the net produce of these funds, they received no answer, which seems to confirm the suspicion.

1714.—In the next session,* which was the first of a new parliament, and which met the 16th Feb. the most important financial measure was the reduction of legal interest from 6 to 5 per cent. to take place from 29th Sep. 1714. (12 Anne, stat. 2. c. 16.) The current rate of interest during this reign had always been *above* 5 per cent. and it appears, that, even at the time of the reduction, money could not be borrowed by government at this rate; yet, according to the preamble of the act, the measure was become absolutely necessary to bring the legal rate of interest to a nearer proportion with the interest allowed for money in foreign states.

The deficiencies of funds provided for were as follows:

	£.	s.	d.
For making good the quarterly payments to the South-Sea Company	498,085	10	0
For deficiency of the fund of the class-lottery, 1711, to Michaelmas 1712	67,358	15	7
For ditto, class-lottery, 1712, to Michaelmas 1713	67,546	4	3½
For ditto of the East-India Company's fund .	42,576	6	4
For ditto of principal and interest, on 3 Anne, c. 5. , ...	88,741	13	10
Interest on Nevis and St. Christopher's debentures for three years, to 25th December, 1714 .	18,540	12	9¾

* June 9th, 1714, the house of commons addressed the queen that the quarter part of the profits of the South-Sea Company's annual ship, under the assiento contract, which the queen had reserved to herself, might be applied to the discharge of the national debts; but the queen soon after informed them that she had given it up to the company.

But, though these arrears of interest on former loans, amounting together to £782,849 : 2 : 10¼, were now paid, (which was probably necessary for the preservation of public credit,) a new debt of more than double this sum was at the same time incurred. It was found necessary to borrow £1,400,000 towards the supplies, and this was raised by a lottery, at £10 a ticket, upon the plan of those of the preceding years. The blanks to have their whole money repaid, with interest at 4 per cent. and the additional sum of £476,400 to be divided among the prizes; which additional capital likewise carried 4 per cent. interest, making the interest paid by government on the total capital of £1,876,400 equal to £5 : 7 : 2 per cent. on £1,400,000, the sum borrowed, besides the engagement to pay, in the redemption of the loan, a premium of upwards of £34 per cent. The discharge of the principal and interest of this loan was secured upon a yearly fund of £105,000 per annum for 32 years, from the 2d of August, 1714, with the usual provision, that, in case it fell short of this sum, the deficiency should be made good out of the next supplies granted by parliament. Not above £60,000 or £70,000 having been subscribed on the terms first proposed, before the queen's death, the

July 1714, the Earl of Oxford resigned the office of Lord High Treasurer, and was succeeded by the Duke of Shrewsbury; Sir W. Wyndham remaining Chancellor of the Exchequer; but in October following a new ministry was formed, in which the Earl of Halifax was First Lord of the Treasury, and Sir Richard Onslow Chancellor of the Exchequer.

lords of the regency submitted the subject to parliament; in consequence of which the time for receiving the contributions was prolonged, the fund upon which the loan was charged was increased to £116,573 : 12 : 0 per annum, and an addition of 1 per cent. was made to the interest of 4 per cent. before allowed on the blank tickets.

Upon the death of Queen Anne, and the accession of George I. an addition was made to the civil-list revenue, for the purpose of making it up £700,000 per ann. clear of incumbrances; and, in the address of the house of commons to their new sovereign, they expressed their unanimous resolution "to maintain "the public credit of the nation, and, effectually, to "make good all funds which have been granted by "parliament for the security of any money which "has been or shall be advanced for the public ser-"vice."* But, as the revenues had been anticipated and mortgaged so much in the course of the late expensive war, and as the landholders, having got the land-tax reduced to two shillings in the pound, were desirous, if possible, to keep it at that rate, nothing could be done towards paying off the public debts: on the contrary, it will appear, that it was not only found necessary to contract new debts, but also to raise the land-tax for the next year to four shillings

* This address was agreed to 5th Aug. and on 21st, the bill for settling the civil-list revenue was passed; not only before the king's arrival, but before the houses of parliament had received his answer to their addresses.

in the pound, which was the same rate as during the war.

1715.—The first session of parliament,* which commenced the 17th March, continued till the 7th of August, 1716, and the supplies for *two* years were granted in it; among which were included the following sums for making good the deficiencies of funds established for paying the interest on former loans:

For the South-Sea Company's annuity	£538,678	1	0
For deficiency on the class-lottery 1711, to Michaelmas, 1714	53,322	0	0
Ditto 1712, to Michaelmas, 1714	52,938	9	8
South-Sea Company's annuity	295,202	11	1
One year's interest on £61,707 : 3 : 2 remaining due on money borrowed upon 3 Anne, c. 4.	3,702	8	7
One year's interest on £314,219 : 11 : 2¼ remaining due on money borrowed upon 8 Anne, c. 9. .	18,853	3	6
Deficiency of the fund for the £10 lottery 1712, for two years	42,665	13	6

* The king, in his speech, 21st March, observes, that "the "public debts are very great, and surprisingly increased, even "since the *fatal* cessation of arms:" that his first care was to prevent a farther increase of these debts, by paying off a great number of ships which had been unnecessarily kept in pay. That he relied on the commons for such supplies as were requisite for the year's

Oct. 10, 1715, Robert Walpole, Esq. (afterwards Earl of Orford,) was made First Lord of the Treasury, and Chancellor of the Exchequer.

By an act of this session, the AGGREGATE FUND was established. This was formed by the united produce of various taxes, now made *perpetual*, with the surplus of other revenues, and all other public money, which, after Michaelmas, 1715, should be brought into the Exchequer, and not appropriated to any other use. The fund thus established, which was the first of the four principal funds into which the revenue was afterwards divided, was rendered subject to the following charges, viz.

The interest and allowances (amounting to £7 : 3 : 6 per cent.) on all outstanding exchequer-bills, (£4,676,812 : 10 : 0) :	£335,561	6	0
To the Bank, by agreement of 1711*	45,000	0	0
Ditto 1713†	8,000	0	0
Addition to the civil-list revenue‡	120,000	0	0
Interest on £1,079,000, raised by loan for the service of the year	54,600	0	0

It was also charged with any deficiency that should happen in the Bank's original fund, or in the fund of £106,501 : 13 : 5 per ann. established in 1709 §; and, out of the remainder of the produce of this

service, and for the support of the public faith; and had no doubt but they would concur with him in opinion, that nothing could contribute more to support the credit of the nation than a strict observance of all parliamentary engagements.

* See page 73. † See page 82.

‡ In 1717 the aggregate fund was charged with £4000 per ann. to the sheriffs of England and Wales, for defraying fees and charges attending their office, which was properly a new grant to the civil-list revenue.

§ See page 66.

general fund, the yearly sum of £270,999 : 7 : 0, or so much thereof as the residue should amount to, was appropriated to the paying off the exchequer-bills then outstanding. This was the sum that had been appropriated to the same purpose in 1713, by 12 Anne, stat. i. c. 11. when a provision was made, that if it proved deficient it should be made good out of the next supplies.

The loan of £910,000, with the interest of which this fund was charged, was originally intended to have been raised on 6 per cent. perpetual redeemable annuities; but it was afterwards found that it might be raised at 5 per cent. This loan was the first on perpetual annuities, for which the Bank undertook to receive the subscriptions for government; and their cashier was allowed £500 for his trouble, with the yearly sum of £250; and £200, yearly, to the accountant, for management. As provision had been made for paying interest at one per cent. more on this loan; and as it was, probably, thought a favourable opportunity for obtaining money on more advantageous terms than those on which it had hitherto been borrowed; the farther sum of £169,000 was likewise raised on redeemable 5 per cent. annuities, charged on the remainder of the £54,600 per ann. which had been appropriated for the former loan. £822,032 : 4 : 8 was raised towards the supplies* by adding that sum to the

* Of this sum £583,339 : 0 : 8 was due to the company for interest and management to 25th Dec. 1715, the remainder of the additional stock, £238,693 : 4 : 0, was made transferable for the use of the public, as the Treasury should di-

capital of the South-Sea Company, which made the same amount to £10,000,000, and the annual sum, payable for interest, £600,000, with £8000 for management.

By the act which established the aggregate fund, the sum of £77,694 : 1 : 7, of unappropriated money, brought into the Exchequer before 12th June, 1714, was granted towards discharging the king's extraordinary expenses, from his accession till Michaelmas, 1715; and, by the second land-tax act, the sum of £45,980 : 12 : 6¾, in arrear for four years land-tax for the palaces of Whitehall and St. James's, was remitted; which sums ought to be added to the grants made at different times in addition to the civil-list.

By an act of 12 Anne, it appeared that the sum of £230,308 : 9 : 10 was then due to the creditors of the public in Scotland; and the Commissioners of Equivalent were empowered to issue debentures, bearing interest at 5 per cent. from 24th June, 1714, payable out of the first money due to Scotland, in pursuance of the fifteenth article of the union. In this session an act was passed, empowering the Treasury to issue £15,822 : 8 : 7¾ out of the customs or excise in Scotland, for a year's interest on this sum, with the salaries and charges of the Commissioners of Equivalent. It also appeared, that the sum of £18,241 : 10 : 10 was due to William Pateson, Esq. with interest at 5 per. cent. from 25th March, 1713, which was made payable out of the Equivalent to Scotland.

Since the conclusion of the war, no steps had been

taken for alleviating the public burthens. On the contrary, they had been very considerably augmented by several new loans; and it is probable that no effectual measures would have been thought of, had not a general apprehension of an invasion induced ministers to calculate the pecuniary resources of the country. They now saw reason to fear that it would be impossible to raise the supplies necessary for any formidable exertions, while the whole public revenue (excepting the annual land and malt-taxes) was already mortgaged for paying the debts incurred in the two preceding wars, and while it had even been found necessary to borrow money to defray the interest of loans charged upon distant anticipations. Convinced of the necessity of immediately providing funds on which to raise new supplies, they devised a plan every way calculated for the purpose. This was effected by reducing the interest payable to the public creditors, which the state of the country rendered at this time practicable. But, before we give an account of this arrangement, it may be proper to state the total amount of the National Debt.

Amount of the National Debt, 31st December, 1716.

	Principal.			Interest.		
Annuities at 14 per cent. afterwards converted into a certain term of 99 years, from 25th January, 1692	£ 1,491,639	6	10	£ 124,866	0	0
Annuities, with benefit of survivorship, 1692	108,100	0	0	7,567	0	0
Annuities on one, two, and three, lives, from 29th Sept. 1694, with the remainder of the term of 96 years on the annuities on one life	369,704	8	0	36,070	2	3
Annuities for 99 years, from 25th March, 1704	1,569,664	18	6	104,745	10	6½
Ditto from 25th Dec. 1705	690,000	0	0	46,000	0	0
Ditto from 25th March, 1706	2,855,761	0	0	184,242	14	0
Ditto from 25th March, 1707	1,155,000	0	0	72,187	10	0
Ditto from 25th March, 1708	640,000	0	0	40,000	0	0
Ditto from 24th June, 1708	1,280,000	0	0	80,000	0	0
Annuities for 32 years, from 29th Sept. 1710	900,000	0	0	81,000	0	0
Ditto from 29th Sept. 1710, on £10 lottery	1,500,000	0	6	134,998	12	0
	12,559,869	13	4	911,677	8	9½
Banker's debt, at 3 per cent. upon £1,328,526	664,263	0	0	39,855	16	0½
£10 lottery, 1711,* at 6 per cent.	1,666,070	0	0	135,000	0	0
Class-lottery, 1711, at 6 per cent.	2,525,970	0	0	186,670	0	0
£10 lottery, 1712, at 6 per cent.	2,258,520	0	0	168,003	0	0
Class-lottery, 1712, at 6 per cent.	2,312,065	0	0	168,003	0	0

Civil-list lottery, 1713, at 4 per cent.	599,190	0	0	35,000	0	0
Lottery, 1714, blanks at 5 per cent. prizes at 4 per cent.	1,812,100	0	0	116,573	12	0
East-India capital, at 5 per cent.	3,200,000	0	0	160,000	0	0
South-Sea capital, at 6 per cent.	10,000,000	0	0	608,000	0	0
Bank capital, at 6 per cent.	1,600,000	0	0	100,000	0	0
Ditto, for cancelling exchequer-bills, at 6 per cent.	1,775,027	17	10½	106,501	17	6
Exchequer-bills, with the allowance for circulating them	4,561,025	0	0	328,561	18	6½
Five per cents. transferable at the Bank	1,079,000	0	0	53,450	0	0
	46,613,100	11	2½	3,117,296	12	10½
Navy debt, £1,043,336 : 19 : 9¾, of which £334,239 : 9 : 1¾ arose from the deficiency of the supplies	709,097	10	8			
Deficiency of supplies	577,014	16	1¼			
Principal and interest remaining due, of the money borrowed in 1710, on the candle-duty	314,219	11	2¼			
Ditto, on the low wine act	61,707	3	2			
Nevis and St. Christopher's debentures	99,361	16	0			
	†£48,374,501	8	4			

* By the lotteries of 1711 to 1714, a capital of £2,723,910 was added more than the money advanced.

† It is supposed that nearly three millions should be added to this amount for debts then due, but not adjusted, (see the statement at the end of *Some Considerations on the National Debt, &c.*)

The loans on the lotteries of 1711, 1712, 1713, and 1714 were charged on funds which were estimated to be sufficient for paying the annual interest, and gradually discharging the principal in the course of 32 years; it must therefore be remembered, that the total of annual interest above-stated includes the provision thus made for liquidating the principal on these loans; and is properly the net annual sum paid to the public creditors at the above period, including the allowance for management on the Bank and the South-Sea capitals. Had the above appropriations been regularly applied in discharging both principal and interest on the lottery-loans, the public would have been long since free from any charge on account of these debts: whereas, by engrafting the greater part of them into the South-Sea Company's capital, and thus diverting that part of the appropriation which was intended to discharge the principal, they may be properly considered as still forming a part of the National Debt; with but little probability of their being *ever* paid off.

The parts of this debt, contracted in the different reigns, were as follows:

	£.	s.	d.
In the reign of Charles II.	664,263	0	0
William III.	5,169,443	14	10
Anne	39,353,650	2	0¾
George I. to 31st Dec. 1716 .	3,177,144	11	5¼
	£ 48,364,501	8	4

Thus stood the public debts at the end of the year 1716, when the government thought it necessary to concert seriously such measures as might lay the foundation of an effectual plan for their reduction.* This intention was announced in the following paragraph of the king's speech on opening the next session, 20th February, 1717: "You are all sensible "of the *insupportable weight* of the National Debts, "which the public became engaged for from the "necessity of the times, the pressures of a long and "expensive war, and the languishing state of public "credit; but the scene being now so happily changed, "if no new disturbances shall plunge us again into "streights and difficulties, the general expectation "seems to require of you, that you should turn your "thoughts towards some method of extricating *your-* "*selves* by reducing, by degrees, the debts of the nation." To this the commons replied, that they were but too sensible of the unsupportable weight of the National Debts, and would not neglect to apply themselves with all possible diligence and attention to the great and necessary work of reducing, by degrees, this heavy burthen, as the most effectual means

* The government of France laboured at this time under very considerable difficulties from the great amount of their public debts; and to recover public securities from the enormous discount at which they were sold was the cause of the famous company of the West or Mississippi Company being now projected; the scheme of which appears to have been taken from the establishment of the South-Sea Company.

of preserving to the public funds a real and certain security.

The current rate of interest had lowered considerably since the late war, which probably arose in part from a real increase of the national capital, and partly from government loans to any considerable amount not being now wanted; and it was probably with the view of ascertaining how far they might venture in their intended plan of reduction, that, previously to its being brought before the house, the ministry, on the 5th March, got a resolution passed, That whosoever should advance any sum not exceeding £600,000, for the service of the public, should be re-paid the same, with interest at 4 per cent. out of the first aid granted in this session of parliament. And, at the same time, a resolution was also passed, That the house would *effectually* make good the deficiencies of all parliamentary engagements. The first of these resolutions gave some alarm to the stock-holders and other moneyed persons, from an apprehension that it might be the intent of government to reduce the interest on other public securities to this rate; and, either from being able to employ their money to better advantage or from a secret combination, only the small sum of £45,000 was subscribed towards this loan on the three following days after passing the resolution. Having tried in vain to get it filled up, the house, on the 23d March, found it necessary to raise the interest to 5 per cent. on which the whole was immediately subscribed. In another speech, from the king, on the 6th May,

was the following passage: "I must recommend to "you, as I did at the beginning of the session, to "take all proper methods for reducing the public "debts, with a just regard to parliamentary credit." To which the house replied, "We are truly sensible "how much the ease and prosperity of your subjects "depend on the accomplishing that great and ne-"cessary work, of reducing the public debts; and "are resolved to carry it on in the most effectual "manner, with just regard to parliamentary credit." Accordingly, on the 20th May, Mr. Stanhope, who was at that time First Lord of the Treasury and Chancellor of the Exchequer, laid before the house the proposals of the Bank of England and of the South-Sea Company; which, after undergoing some alterations, became the foundation of three acts passed in the course of the session, for reducing the interest on a considerable part of the public debts, and forming the four great funds, called the *South-Sea Fund*, the *General Fund*, the *Aggregate Fund*, (first established in the last session,) and the *Sinking Fund*. These are so frequently mentioned in subsequent financial transactions, that it will be necessary to give a more particular account of their origin.

By one of these acts, (3 Geo. I. c. 8.) a new agree-

April 10th, 1717, Mr. Walpole resigned his places of First Lord of the Treasury and Chancellor of the Exchequer; and, on the 15th, James Stanhope, Esq. (afterwards Earl Stanhope,) succeeded him.

ment was entered into with the Bank, by which part of the interest payable to them was reduced from 6 to 5 per cent. Their original fund, of £100,000 per annum, was to remain the same, but the annuity of £106,501 : 13 : 5, payable pursuant to 7 Anne, c. 7. for cancelling exchequer-bills, was to be reduced, from Midsummer 1718, to £88,751 : 7 : 10½ per annum, redeemable at a year's notice, upon payment of the principal of £1,775,027 : 17 : 10½, with all arrears of interest. They likewise agreed to deliver up to be cancelled exchequer-bills to the amount of £2,000,000, in consideration of an annuity of £100,000, being at the rate of 5 per cent. for the same, to commence from Christmas 1717: this was also made redeemable at a year's notice, upon repayment of the principal and all arrears of the annuity. The remainder of the outstanding exchequer-bills,* amounting to £2,561,025, they were to continue to circulate, at the allowance of 3 per cent. per annum, amounting to £76,830 : 15 per annum; the interest upon these bills to be continued at 2*d.* per cent. per day, with the original allowances of £45,000 and £8000 for circulation, till Christmas 1717; after which, the interest was to be reduced to 1*d.* per cent. per day, and the allowances to cease. In order to enable government to carry into effect the intended reduction of other funds, the company also agreed to advance, before the 25th March, 1718,

* The interest and allowances to the Bank on these bills amounted to £7 : 4 : 0¾ per cent.

the whole or any part of £2,500,000, at 5 per cent. interest, on condition that not above half a million should be required at any one time. These annual payments to the Bank were secured upon the revenues forming the AGGREGATE FUND, which were again granted *for ever*, and with which were consolidated the duties on houses. If at the end of any *quarter*, after Lady-day 1717, the produce of the fund should not be sufficient to answer the charges upon it, the deficiency was to be made good out of the produce of any subsequent quarter in which there should be an overplus; but if there should still be a deficiency at the end of any one *year* it was to be made good out of the next aids granted in parliament.*

By another act, (c. 9,) establishing the SOUTH-SEA FUND, the interest on the *South-Sea* Capital was reduced from 6 to 5 per cent. the company having

* The saving to government, by this agreement with the Bank, was as follows;

			£. s. d.
One per cent. on £1,775,027 : 17 : 10½ . .			17,750 5 6¾
Paid before on £4,561,025 exchequer-bills . . .		£328,561 18 6½	
In future on £2,000,000 ditto cancelled	£100,000 0 0		
3 per cent. on £2,561,025 .	76,830 15 0		
1*d.* per cent. per day on ditto	38,948 18 5¼		
		215,779 13 5¼	112,782 5 1¼
Annual saving . .			£ 130,532 10 8

agreed to accept of a yearly fund of £500,000, with their former allowance of £8000 per annum for management, in lieu of £600,000 per annum, which was therefore to cease from Midsummer 1718. They also agreed to advance any sum not exceeding £2,000,000, before Christmas 1717, at 5 per cent. interest, on condition that not more than half a million should be required at a time, and that they should have a fortnight's notice of each requisition. For payment of this annuity all the duties appropriated at the establishment of the company were again appropriated and granted for ever, with the collateral security of the general fund established this session. Upon re-payment of the £2,000,000, or such part thereof as should be advanced, the interest was of course to cease; and upon one year's notice, to be given at Midsummer 1723, or any quarter day afterwards, part of their capital might be paid off, on condition that not less than a million should be paid off at a time.

Having thus effected the reduction of the interest on a principal of £16,336,052 : 17 : 10½, and having secured loans at 5 per cent. from the two companies, to the amount of £4,500,000, for the purpose of paying off such proprietors as did not signify their consent to the intended reduction of other funds, another act was passed, at the same time, for this purpose, by which the fund, afterwards called the GENERAL FUND, was established. By this act (3 Geo. I. c. 7.) various duties, that had been granted chiefly for the term of 32 years, in the reign of Queen Anne, with

the appropriation of £39,855 : 15 : 7$\frac{1}{5}$ per annum out of the hereditary excise, by an act of the last year of King William, for making provision for the banker's debt, were now granted *for ever*. The debt, which had been charged upon the duties and revenues thus perpetuated, amounted to £8,762,625 upon the lottery-acts of Queen Anne, and £664,263 upon 12 W. III. c. 12. all carrying interest at 6 per cent. per annum; and, as it was now intended to reduce the interest to 5 per cent. such of the proprietors as did not subscribe for the same were to be paid off at par: which was to be done by selling annuities at 5 per cent. to other persons, or with the money to be advanced by the Bank and South-Sea Company for this purpose.* The nett annual produce of the duties thus consolidated into one fund was computed at £724,849 : 6 : 10$\frac{1}{5}$, consisting of the following appropriations, viz.

	£.	s.	d.	
Fund of the £10 lottery, 1711 . . .	135,000	0	0	per ann.
Fund of the class-lottery, 1711 . . .	186,670	0	0	ditto.
Fund of the £10 lottery, 1712 . . .	168,003	0	0	ditto.
Fund of the class-lottery, 1712 . . .	168,003	0	0	ditto.
Out of the hereditary excise	39,855	15	7$\frac{1}{5}$	ditto.
Surplus of duties granted by 9 Anne, c. 6.	27,317	11	3	ditto.
£	724,849	6	10$\frac{1}{5}$	

This annual sum was charged with the payment

* The whole of the public creditors signified their assent to the reduction: in consequence, no part of the sums were required, which the Bank and South-Sea Company had agreed to advance.

of the future interest at 5 per cent. on the above-mentioned debts, and the overplus was appropriated to pay off the principal. If the produce should not amount to the above sum, the deficiency was to be made good out of the first aids granted in parliament after such deficiency should appear. The principal sums charged upon this fund were as follows,

Remaining of £1,928,570 on £10 lottery, 1711			1,666,070	0	0
Ditto of 2,602,200 class-lottery, 1711			2,525,970	0	0
Ditto of 2,341,740 £10 lottery, 1712			2,258,520	0	0
Ditto of 2,341,990 class-lottery, 1712			2,312,065	0	0
Banker's debt, being the moiety of £1,328,526			664,263	0	0
Remaining of loan on 3 and 4 Anne, c. 4. . .			61,707	3	2
Ditto on duties on candles . . .			314,219	11	2¾
			£9,802,814	14	4¼
Deficiency of last year's grants			577,014	16	1¼
Bills of exchange for the Canada expedition .			24,195	11	2
			£10,404,025	1	7½

To the above must be added a quarter's interest thereon, at 5 per cent. which was to form part of the principal; the produce of the duties to Michaelmas 1717, from which time the fund commenced, being applied to the payment of the interest, at 6 per cent. due the preceding Midsummer. The above debts were now made payable at the Bank, and were all to carry 5 per cent. except the annuities, sold for making good the deficiency of grants and for the Canada-bills, which were to be 4 per cent. annuities. The fund was also charged with 4 per cent. per annum on debentures, to be made out for debts due to the army.

Thus it appears, that a very considerable reduction was made in the annual payments on the public debts,* but the most important part of the plan was contained in the clause of this act, by which the provision for future redemptions, afterwards called the SINKING FUND, was established. By this clause it is enacted, that all the moneys which at the end of any quarter should arise from the surplusses of the several funds, called the Aggregate Fund, the Fund of the South-Sea Company, and of the revenues and duties charged with the General yearly Fund of £724,849 : 6 : 10$\frac{1}{5}$, and also the excess or overplus of the said General yearly Fund, when there should be such excess or overplus beyond the payments with which it was charged, should be "appropriated, reserved, and applied, to and for the "farther discharging the principal and interest of "such national debts and incumbrances as were in- "curred before the 25th day of December, 1716, "and are declared to be national debts, and were "provided for by act or acts of parliament, in "such a manner or form as shall be directed or ap- "pointed by any future acts of parliament, to be

* The total annual interest saved to government by the reduction appears to have been :

	£.	s.	d.
On part of debt due to the Bank (see page 101.)	130,532	10	8
On South-Sea capital	100,000	0	0
On £9,802,814 : 14 : 4$\frac{1}{4}$ on the General Fund .	98,028	2	11$\frac{1}{4}$
Total . . . £	328,560	13	7$\frac{1}{4}$

"discharged therewith, or out of the same, and *to* "*or for none other use, intent, or purpose, whatso*-"*ever.*"*

These arrangements were well calculated for effecting a gradual reduction of the amount of the debt; and, instead of causing a depression in the value of stocks, which might have been expected from the reduction of their interest, they soon began to rise.†

A new confidence was given to the public creditors, from a persuasion that the provisions now made would prevent those inconveniences that had formerly arisen from the interest on particular debts, being frequently long in arrear; and that, instead of a depreciation of the current value of their securities, which generally attends an increase of debts, their price would, in general, increase in proportion to the

* Sir R. Walpole claimed much honour as the father of the sinking fund, but it is evident that it required no invention and but little judgement to adopt a plan which had been pursued in other countries, and which was contained in a pamphlet published several years before. (*A Letter to a Member of the late Parliament, concerning the Debts of the Nation*, 1701.) The utility indeed was so obvious, that not to have adopted it, when the reduction of interest rendered it so practicable, and when an example had been set in the establishment of the Aggregate Fund, would have been wholly inexcusable. It was, in fact, nothing more than applying the surplusses of funds which were before established to the uses for which they had been already appropriated.

† South-Sea stock, which, at Lady-day, 1717, was but at 100¾, got up, by Michaelmas, to 111½ per cent. A similar effect had resulted from the establishment of a sinking fund, by reducing the interest on the debt of the ecclesiastical state, by Pope Innocent XI. in 1685.

progress of redemption.* The public had also at least a distant hope of being relieved from some of the many taxes that it had been found necessary to impose, for paying the interest on these debts; the pernicious effects of which, both on the foreign trade and on the internal state of the country, was now sensibly felt.

It has appeared, that, in the establishment of the general fund, provision was made for a considerable deficiency of the last year's grants, and it might have been expected that care would have been taken not to throw a similar incumbrance upon the succeeding year. Notwithstanding which, the supplies voted for the current year amounted to £2,550,127 : 19 : 3½, which exceeded the estimate of the land-tax at 3s. and the malt-duty, the only parts of the revenue applicable to the supplies, by £319,951 : 19 : 11, which, with the deficiency of the South-Sea Company's fund, being £166,502 : 12 : 7¾, to be made good out of the aids of this session, left a deficiency of £486,454 : 12 : 6¾, with the probability of its considerably exceeding that amount.

In the above amount of the supplies is included the sum of £250,000, granted in consequence of a message from the king, on the 3d April, respecting a threatened invasion from Sweden, in favour of the Pretender. This vote, which established a precedent for the *votes of credit*, so well known since, was

* These considerations were a great inducement to the public creditors to agree to the reduction of interest.

passed, not for the purpose of repelling the invasion, in case it should have been attempted, (for that might have been more properly done by specific grants for augmenting the sea or land forces,) but "to enable his majesty to concert such measures, with "foreign princes and states, as might prevent any "charge or apprehensions from the designs of Sweden "for the future." It met with considerable opposition in the house of commons, and was agreed to by a much smaller majority* than has usually appeared of late years upon such motions.

In this session was likewise passed, an act for continuing, during another year, the Equivalent-act, passed in the last session,† and the Treasury were directed to issue out of the Customs and Excise, in Scotland, £31,565 : 2 : 5½ to the Commissioners of the Equivalent, to be applied to the payment of two years interest on the same, due to the creditors in Scotland and to William Paterson, Esq.

1717.—In the next session, which began 21st November, £29,645 : 8 : 9¼ was voted for the deficiency of the South-Sea Company's fund; from

* The numbers were 153 against 149, being a majority of only four. In order to disunite the formidable opposition which appeared on this occasion, Lord Townshend was dismissed from the Lord Lieutenancy of Ireland, upon which, Mr Robert Walpole immediately resigned his place of First Lord of the Treasury and Chancellor of the Exchequer, and Mr. Methuen and Mr. Pultney followed his example.

† See page 92.—This debt was provided for in the session of 1718.

which it would appear that the fund now produced nearly the full sum charged upon it; but the deficiency afterwards appeared considerably greater than the sum here voted, and was provided for in the next session: the sum of £581,196 : 8 was also voted for the deficiencies of last year's grants. The total of the grants for 1718, including the above sums, was £2,644,437 : 4 : 8¾, which exceeded the estimate of the land and malt taxes by £414,923 : 1 : 6¼, yet attempts were made, and strongly supported in the house, to get the land-tax reduced to 2*s*. in the pound.

Just before the end of the session a message was received from the king, informing the house, that, being engaged in several negociations, of the utmost concern to the welfare of these kingdoms and the tranquillity of Europe, and having received information which made him judge that it would give weight to his endeavours if a naval force were employed, he had thought fit to acquaint them therewith; not doubting but that, in case he should be obliged to exceed the number of men granted for the sea-service, the house would, at their next meeting, provide for such excess. The measure was immediately acquiesced in, and an address was presented to that effect. This was an improvement on the vote of the preceding year; for, though confined to one branch of the expenditure, it was, with respect to that branch, perfectly *unlimited*.

1718.—The king's speech, on opening the next session, 11th Nov. contained the following passage: "I have the pleasure to observe to you, that the

"funds, appropriated for sinking the public debts, "have answered above expectation. I must, however, recommend to you, to consider of proper "methods for improving them, by preventing the "frauds and abuses daily committed in the public "revenues; not doubting, in all your proceedings, "you will have that regard to the inviolable pre-"servation of the public credit, which may quiet "the minds of all those that have trusted to parlia-"mentary engagements." Having voted £502,719 10 : 10¾, for making good the deficiency of grants in the preceding year, and £102,092 : 13 : 0⅕ for making good the deficiency of the general fund of £724,849 : 6 : 10⅕ per annum, a provision was made, by a clause in the land-tax act, for £110,312 : 17 4¾, paid by the treasurer of the navy to the South-Sea Company, for making good the deficiency of their fund, over and above the sum granted for this purpose in the last session; which sum of £110,312 17 : 4¾ was raised on annuities at 5 per cent. per annum, charged upon the general fund and made payable at the Bank.

The produce of the funds, alluded to in the king's speech, will appear from the act for appropriating the surplusses. This act (5 Geo. I. c. 3.) directs, that £196,444 : 18 : 3½, being the overplus, at Michaelmas, 1718, of the Aggregate Fund; all the overplus moneys of the civil-list fund, for three years, ending at Michaelmas, 1718; £19,577 : 10 : 0, being the overplus of the South-Sea Company's fund,

at Michaelmas, 1718; and £190,436 : 15 : 11$\frac{9}{20}$,* the overplus at Michaelmas, 1718, of the General Fund, after reserving £180,000 towards paying the quarter's annuity charged thereon to Christmas, 1718, with all the surplusses of the said funds that should arise in the half year, ending at Lady-day, 1719, should be then applied towards paying off the principal and interest of the outstanding exchequer-bills, for redeeming the annuity of £76,830 : 15 : 0, payable to the Bank for circulating them, agreeably to the notice that had been given in the preceding session. But, as these surplusses would discharge but a small part of the bills, £500,000 was to be raised for the same purpose, at 4 per cent. per ann. from 25th March, 1719, by a lottery of 168,665 tickets, at £3 a ticket, making in the whole £505,995, (of which £5995 was for the expense of drawing the lottery). £520,000, to be applied in the like manner, was also borrowed, at 5 per cent. per ann. payable quarterly, and charged upon the Aggregate Fund, and the Treasury were empowered to contract with any persons for circulating the remainder of the bills at such allowance as should be agreed upon. Thus, there appears to have been a determination to redeem

* This must not be considered as the surplus of the duties composing the General Fund; for it appears, by the vote before-mentioned, that they had not amounted to the fixed annual sum by £102,092 13 : 0$\frac{1}{5}$, therefore the overplus here stated is the excess of the fund beyond the annuities charged upon it, after making good the above deficiency.

the annuity, payable to the Bank, at all events, though for what reason, unless as a favour to the company, it is difficult to conceive; for, as the interest on the bills was now reduced to 1*d.* per cent. per day, the actual charge of them was £115,779 : 13 : 4 per ann. on the whole, being at the rate of £4 : 10 : 5 per cent. whereas, £520,000 at least of the money raised for paying them off was borrowed at 5 per cent. However, it might probably be thought that with many persons this measure would have the appearance of paying off a debt of £2,561,025, and thus contribute to establish a favourable opinion of the efficacy of the sinking fund.—A reduction of the National Debt was thus happily begun; but a considerable part of it consisted of annuities for a certain term of years; which, with others raised under particular circumstances, were irredeemable. To prevent this from causing any impediment to the operation of the Sinking Fund, an act was passed for converting some of these irredeemable annuities into redeemable debts; these were the lottery-annuities of the year 1710, amounting to £134,998 : 12 : 0 per annum, which, with £168,748 : 5 : 0, in arrear thereon at Christmas, 1718, was to be subscribed into the South-Sea Company's stock, on the following terms, viz. The annuities were to be taken in at 11½ years purchase, and the arrear at cent. per cent. The company agreed to pay into the Exchequer £778,750, (or a proportionate part, in case all the annuities and arrears should not be subscribed,) which was to be carried to the Sinking Fund to be

employed in discharging the National Debt; and, for the sum which their capital would be augmented by the subscription of the annuities, and the money advanced, they were to have 5 per cent. per ann. in addition to the interest at the same rate, payable at this time on their capital of £10,000,000; also an allowance of £2000 per ann. (or a proportional part, in case the whole of the annuity and arrears were not subscribed) in addition to their former allowance of £8000 per ann. for expense of management. The former agreement, that their capital should be irredeemable till Midsummer, 1723, and then not less than a million to be paid off at a time, was extended to the addition thus made to it. The interest on the new stock, created pursuant to this act, amounted to £87,342 : 4 : 5 per ann. attended with £1397 : 9 : 6 per ann. for management.

As the annuities were thus converted into redeemable debts, at a price below their real value, it would have been an advantage to the public had the interest saved been faithfully applied in redeeming the principal of these or other debts. But, as such a saving in the annual payments affords an opportunity of charging the funds upon which they are secured with the interest of new loans, without the necessity of imposing any new taxes, it might have been expected, that, at a future emergency, the temptation would become too powerful for the justice and patriotism of ministers, and that the debt, which a limited time would have redeemed,

would be perpetuated with as much new capital as the original fund would pay the interest of. Had there not been ground for such apprehensions, it would certainly have been better to have made the saving of interest an addition to the income of the Sinking Fund, than to borrow money upon it at 5 per cent. to be employed in paying off exchequer-bills.

In this session, the duty on the importation of coals into the port of London, which had been hitherto appropriated to the repairing and building of churches in London and Westminster, was, in part, appropriated to the use of the public; the annual sum of £30,559 : 14 : 0, out of the same, being made a fund for payment of the principal and interest, at 4 per cent. on £505,995, raised towards the supplies by another lottery of 168,665 tickets, at £3 each; the chances of which were to be determined by the drawing of the before-mentioned lottery of the same kind.

A provision was also made for the public debts of Scotland, in lieu of the equivalent then due, or growing due. The debt remaining, amounting to £248,550 : 0 : 9½, was made a public debt of the United Kingdom, (redeemable by parliament on payment of the principal sum,) and the creditors were incorporated: the interest, to Midsummer, 1719, amounted to £30,823 : 7 : 2, and from that time they were to have an annuity of £10,000, with £600 per annum for management, to be divided

among the creditors, in proportion to their share of the debt, which annual sums were made payable out of the produce of the revenues in Scotland.

In the beginning of the session, war had been declared against Spain; and, on the 10th March, the king went to parliament to inform the two houses of his having received advices that an invasion would be suddenly attempted in favour of the Pretender. In consequence of which the commons presented an address, desiring his Majesty to give orders for augmenting the sea and land forces, and promising that they would effectually make good any increase of expense that should arise from such augmentation. Thus we see how *votes of credit* were gradually extended. By that of 1717, the power of expenditure was limited to £250,000; in 1718 the sum was unlimited, but the vote only authorized the increase of the *navy;* in the present instance the sum was also unlimited, and the power given to increase the *army* as well as the *navy.* The extraordinary expense incurred by this vote was, however, by no means so great as might have been apprehended, as will appear from the following sums, granted in the next session, for making good the extra expenses of this year, a considerable part of which must have arisen from the deficiency of grants.

	£	s.	d.
For transport-service for 1719, not provided for .	20,530	18	10
Extra expenses of land-forces, ditto	99,768	2	1½
Extra expenses of the navy, ditto	377,561	6	9½

1719.—At the opening of the session in which

these sums were granted, (23d Nov.) the commons were again desired to turn their thoughts to all proper means for lessening the debts of the nation. This was preparatory to the discussion of the proposals from the Bank and South-Sea Company, for taking in the public debts. But, previous to the account of the agreement made with the latter, which laid the foundation of the too-well-known *South-Sea bubble*, it will be proper to mention the other financial measures of the year. The sum of £312,000 was raised on the plate-duty toward the supplies, which was to be advanced in four payments of 25 per cent. each: the rate of interest was 4 per cent. per annum, payable half-yearly; but, as it commenced from 25th March, and as discount was allowed for prompt payment, at 5 per cent. per annum, from the time of actual payment to 1st December, 1720, (forming together, to such as paid in the whole at the time fixed for the first payment, a bonus of about 3½ per cent.) the real rate of interest was £4 : 2 : 9 per cent. The Sinking Fund was made a collateral security for this loan, and likewise for the million of exchequer-bills, issued as an accommodation to the South-Sea Company, as will be mentioned hereafter, which had the effect, though perhaps it was not then intended, of preparing the way for more important infringements on it. By the act for establishing this loan, the sum of £200,737 : 14 : 9¼ was also to be taken, towards the supplies, out of the net produce of the forfeited estates which had been sold for the public use.

The following sums were likewise granted, viz.

	£	s.	d.	
For deficiency of last year's malt-tax	120,000	0	0,	with interest.
For deficiency on the hop-duty for 1711	8,590	16	8½,	with interest.
Deficiency of the General Fund for 1719	88,849	3	1½	

The civil list was again in arrear, or, at least, was said to be so, for the house of commons had no knowledge of such arrear, previous to his Majesty's message of the 4th of May, and the motion for an account of particulars was negatived. By the message, his Majesty informed them of his intention to establish the two corporations of the *Royal Exchange* and *London Assurance* companies, and hoped for their concurrence to confirm the privileges intended to be granted, and to enable him to apply the money which the companies had agreed to advance to discharge the debts of his civil government: an act for this purpose was accordingly passed, and the charters were executed 22d June, 1720. The sum which the companies had agreed to pay was £600,000, being £300,000 each: but, in the following year, half this sum was remitted, so that there was only £300,000 advanced in the whole.

CHAPTER V.

The History of the South-Sea Bubble, in 1720.

WE have now arrived at a year pregnant beyond all others with romantic schemes and visionary projects; a year, the transactions of which should be held in perpetual remembrance by every minister, since it affords innumerable beacons to guide him in his financial voyage.

In order to understand the object of government in forming the memorable South-Sea scheme, it is necessary to remark, that the great irregularity observed in paying the interest due to the public creditors, and the want of confidence which such a course must naturally inspire, were convincing proofs that great improvements were necessary in this department of government. Added to this, the nation had become enamoured with the operation of the Sinking Fund; by which it was fondly expected that they should soon be relieved from all their financial difficulties. To expedite this desirable object no sacrifices were thought sufficient, and the public hailed with joy a project which fostered this

delusive hope; but which, in the end, not only rendered their existing burthens perpetual, but also afforded ministers the means of still farther adding to their pressure. The South-Sea Company proposed to consolidate the several floating debts, by allowing the creditors to subscribe them into their capital; the Company, in consequence, guaranteeing the regular payment of interest; and, in order to render the period of liquidation more near, they proposed to convert the irredeemable temporary annuities into redeemable perpetuities.

The proposals were first laid before the house on the 22d January, 1720, and, after some alterations therein, were preferred to those of the Bank,* and accepted on the 1st of February. The act, which was afterwards passed for confirming this agreement, recites the grant of the following irredeemable annuities; viz.

	£.	s.	d.
Part for 96 years, from 25th January, 1695, and part for 89 years, from 25th January, 1702 .	124,409	1	9
Part for 96 years, from 25th January, 1695, and part for 89 years, from 25th January, 1702 .	15,236	12	0
For 99 years, from 25th March, 1704, with £1200 per annum for management . . .	104,745	10	6½
Carried forward . . .	244,391	4	3½

* The Bank offered to advance 5 millions, which was more by 3 millions and a half than the South-Sea Company proposed at first; but the latter were at length induced to offer 7 millions rather than let the Bank undertake it.

	£.	s.	d.
Brought over . . .	244,391	4	3½
For 99 years, from 25th Dec. 1705 . . .	46,000	0	0
For ditto from 25th March, 1706 . . .	184,242	14	0
For ditto from 25th March, 1707 . . .	72,187	10	0
For ditto from 25th March, 1708 . . .	40,000	0	0
For ditto from 24th June, 1708 . . .	80,000	0	0
Per annum, long annuities . . .	£ 666,821	8	3½

with the following annuities for 32 years, upon the two lotteries of 1710:—

From 29th September, 1710 (8 Anne, c. 7.)	81,000	0	0
From 29th September, 1710, remainder of annuities granted by 8 Anne, c. 4. part having been subscribed into the South-Sea Company's Stock, pursuant to 5 Geo. I. c. 19	46,260	6	1
Per annum lottery annuities . . .	£ 127,260	6	1

also the redeemable debts, upon perpetual annuities; viz.

At 4 per cent. on the civil-list lottery, 1713	563,300	0	0
At 5 per cent. on the blanks of the lottery, 1714	1,055,990	0	0
At 4 per cent. on the prizes of ditto	652,020	0	0
At 5 per cent. transferable at the Bank (1 Geo. I. c. 19 & 21)	1,079,000	0	0
On the £10 lottery, 1711	1,672,821	10	0
On the class-lottery, 1711	2,563,768	4	0
On the £10 lottery, 1712	2,292,367	7	0
On the class-lottery, 1712	2,346,745	19	6
Moiety of the banker's debt	658,654	13	5¾
Carried forward . . .	12,884,667	13	11¾

	£.	s.	d.
Brought over . . .	12,884,667	13	11¾
At 4 per cent. payable at the Bank, and charged upon the General Fund	2,550,916	8	8¾
At 5 per cent. payable at the Bank, and charged upon the General Fund (5 Geo. I. c. 1.	110,312	17	4
At 4 per cent. by an act of 5 Geo. I. . . .	585	7	1
At 4 per cent. payable at the Bank, on the first lottery, 1719, (5 Geo. I. c. 3.) . . .	500,000	0	0
At 4 per cent. payable at the Exchequer, on the second lottery, 1719, (5 Geo. I. c. 9.)	500,000	0	0
Total redeemable debts . . . £	16,546,482	7	1¼

The Company were to take in the above debts, by purchase or subscription, at such rates and prices as they could agree upon with the respective proprietors; and they were empowered to raise the money necessary for making such purchases, either by calls upon their members, by annuities, bonds, or bills, or by opening subscriptions for new stock. They were to have an addition to their capital of cent. per cent. for the redeemable debts, with interest at 5 per cent. on £11,779,660 : 11 : 3¾, being the amount of such of these debts as carried 5 per cent. and interest at 4 per cent. on £4,776,821 : 15 : 9½, being the amount of those bearing 4 per cent. interest; also, an allowance for management on the new capital, in the same proportion as on their old one. The addition to their capital, for the long annuities was to be after the rate of 20 years purchase, and

for the lottery annuities after the rate of 14 years purchase, which additional capital was to carry 5 per cent. interest till 24th June, 1727, from which day the interest on the whole of their capital was to be reduced to 4 per cent. per annum. For the liberty of increasing their stock, by taking in and paying off all the redeemable debts, (which they engaged to do before the 1st March, 1721,) the Company were to pay into the Exchequer towards discharging such national debts as were incurred before the 25th December, 1716, £4,156,306 : 4 : 11; and 4½ years purchase for the irredeemable annuities which, had the whole been subscribed, would have amounted to the farther sum of £3,573,367 : 14 : 8¼; they also agreed to pay into the Exchequer, for the same purpose, one year's purchase for such part of the long annuities as should *not* be taken in by them before the said 1st May, 1721; and undertook to circulate for *seven years*, and to pay the interest at 2*d*. a day per cent. upon the new exchequer-bills, to be issued for the loan on the malt-duty for 1720; and to furnish a proportional part of the money that should be necessary for circulating any new bills that might be issued within the seven years, and to pay a proportional part of the interest to grow due thereon.

As the Company were likely to want more money for carrying this scheme into execution than could have been conveniently obtained from their members, or by the money-subscriptions which they opened, an act was passed, authorizing the treasury

to cause exchequer-bills to the amount of £1,000,000 to be made out within one year from 10th May, 1720; which bills, bearing interest at 2*d.* a day, per cent. were to be lent to the South-Sea Company, upon their giving security for the principal and interest at 5 per cent.* The Sinking Fund, with the sum of £328,673 : 4 : 10½, advanced by the South-Sea Company on the subscription of the lottery annuities in 1719, were made a fund for borrowing, at 5 per cent. the sum to be advanced by government for its proportion of the money necessary for circulating these new bills.

These were the chief particulars of this celebrated scheme, by which, had it been completely executed, the total capital of the Company would have been £43,451,399 : 6 : 11½; the interest received by them from government, £2,124,901 : 14 : 11¾ per annum; and the allowance for management, £34,761 : 2 : 4 per annum.

It is difficult to conceive how the South-Sea Company could expect to derive such permanent advantages from their agreement with government as would support any considerable increase of their dividend; yet the expectation of profit was so great as to excite the most general, though most extravagant, infatuation that was ever known in this country. The bill passed the 7th April, 1720, and, by the beginning of June, the Company's stock sold for

* The interest to be paid by the Company was afterwards fixed at 4 per cent.

nearly £900 per cent. This great price tempted some of the more prudent to become sellers, and many being obliged to part with their stock to make good their payments on the money-subscriptions, caused a considerable depression; in addition to which, the king having, on the 11th of this month, declared his intention of visiting Hanover, many of the nobility and others, who were to attend him, began to sell out, which reduced the price, by the 14th, to £710, and afterwards to £640, and from about this price to £750 it continued till the shutting of the Company's books, on 22d June. As no actual transfers could be then made, and as bargains for time are always the subject of speculation, the gambling mania soon revived, and agreements were made, for the opening, at the enormous price of a *thousand* per cent. and upwards. The greater part of those who took advantage of the delusion must, no doubt, have been sensible that it could not last long, and were willing to make sure of the profit which this price afforded. The temptation to those who had bought in early was still stronger, so that, at the opening, the sellers were very numerous; this lowered the price, and made others think of selling out lest it should be farther depressed, which, of course, spread the alarm, and the price fell as rapidly, if not more so, than it had risen, the difference being not less than 800 per cent. in the short space of three weeks; and, notwithstanding the endeavours that were made to keep it up, the current price was only about £200 per cent. at the opening of the next session

of parliament, 8th December, 1720. The speech from the throne, on this occasion, expressed great concern for the unhappy issue of this business, and particularly recommended to the house of commons to consider of the most effectual and speedy methods to restore the national credit, and fix it upon a lasting foundation; exhorting them to proceed with the utmost prudence, temper, and resolution, in the application of proper remedies. The propriety of this admonition was immediately evident, from many severe expressions that occured in the debate relating to this part of the speech, on the motion for an address of thanks; which, whether they proceeded from honest indignation against the principal managers of these iniquitous transactions,—from the resentment of those who were considerable losers,—from a desire to vindicate the honour of the house, (since two or three of its members were particularly concerned,)—or from the invidious design of displacing the ministry,—were equally improper on entering upon an investigation that required a steady adherence to justice, and a faithful discrimination unbiassed by personal considerations.

On the 12th December, the directors of the South-Sea Company were ordered to lay before the house an account of their proceedings; and, as the present calamity evidently arose principally from the great speculations that had been carried on for *time*, particularly in the late interval between the shutting and opening of the Company's books, the house, on the 20th, passed a resolution: "That it will very

"much contribute towards the establishing public "credit, to prevent the infamous practice of stock-"jobbing," and a bill was ordered to be brought in for this purpose. On the 21st, Mr. Robert Walpole proposed a scheme for the restoration of public credit, by engrafting nine millions of South-Sea Stock into the capital of the Bank of England, and nine millions more into the capital of the East-India Company; and the committee of the house were empowered to receive proposals for this purpose. The subject was discussed at the Bank in a general court, held on the 29th, and by the East India Company in a general court, on the 3d January, 1721. On the 5th January the proposals were taken into consideration by the house of commons; and, on the 10th, a bill was ordered to be brought in for this purpose, which received the royal assent on the 22d, but was only partially carried into execution; for, instead of eighteen millions intended to have been transferred to the Bank and East-India Company, only four millions was actually transferred, which was taken by the Bank; who, in order to make this purchase, sold £3,389,831 new stock, at 118 per cent.

Prior to this, there had been some engagements entered into between the Bank and South-Sea Company; for, when the price of South-Sea Stock had continued sometime sinking, the directors, with the view of retrieving the credit of the Company, made advances towards an union with the East-India Company; but, being unsuccessful, they were reduced to the necessity of making overtures to the

Bank of England. Several conferences were accordingly held between a select number of the directors of the two Companies, which raised so great an expectation of their coming to an agreement, that, on the 12th September, in the morning, upon a report being spread that the Bank had agreed to undertake the circulation of six millions of South-Sea Bonds, South-Sea Stock immediately rose to £670 per cent. but, in the afternoon, when the report was known to be groundless, it fell again to £580, the next day to £570, and so gradually, till the 19th September, to £400. On this day, a court of directors was held, to endeavour to stop the depression of their stock, who at last agreed to desire a fresh conference with the Bank, and to summon a general court to meet the next day. In this conference between the directors, a memorandum was drawn up of an agreement between the two Companies, by which the Bank was to circulate their bonds, and to take South-Sea Stock at a price to be agreed on, in lieu of £3,775,000, which the South-Sea Company were to pay them at Lady-day and Michaelmas, 1721. The substance of this intended agreement was communicated to the proprietors on the following day; and, after the articles of the contract had been discussed in a committee of the two companies, it was confirmed and ratified by the court of directors of each company, and signified in form to the Commissioners of the Treasury. It had, for a short time, some effect in keeping up the price of South-Sea Stock; but, as the price afterwards fell considerably,

the Bank declined fulfilling their engagement, denying that it had ever been executed as a legal contract!

A bill was brought in to restrain the governor, directors, and principal officers, of the South-Sea Company from quitting the kingdom for one year, from 8th Dec. 1720, and to the end of the then next session of parliament; and to compel them to deliver inventories of all their real and personal estates. A committee was also appointed to inquire into all proceedings relative to the execution of the South-Sea Act. On the 22d January, Mr. R. Knight, the cashier of the company, absconded; of which information was given to the house on the following day; when General Ross, one of the members of the committee, declared, "that they had already discovered "a train of the deepest villainy and fraud that hell "ever contrived to ruin a nation." Orders were instantly given to take into custody several of the directors and principal officers, and to seize their papers. Two of the members, who were directors of the company, were immediately expelled the house, and secured; which was the fate of two others a few days after.

The directors of the company were certainly guilty of a most villainous fraud in carrying on this destructive scheme: even those who were the least concerned in it were highly culpable in not opposing such proceedings. But the directors were by no means the only delinquents; many persons then in the administration were deeply implicated, particu-

larly Mr. J. Aislabie, Chancellor of the Exchequer, who had originally strenuously defended the South-Sea Company's proposals, and constantly supported the measures taken for carrying them into execution. Although in a situation which ought to have rendered him particularly attentive to the preservation of public credit, he encouraged and supported this fatal speculation. From the evidence of one of the directors it appeared, that Mr. Aislabie had caused the accounts between them to be destroyed, and had given him a discharge for the balance, amounting to the sum of £842,000! In consequence of this, on the 8th of March, he was expelled the house, and committed prisoner to the Tower; and, on the 10th, Sir George Caswall, another member, was expelled, and committed to the same place.

The deranged state of credit, and particularly of the South-Sea Company's concerns, rendered them unable to fulfil their agreement for the payment of £4,156,306 : 4 : 11, with four and a half years purchase for the terminable annuities taken in, and one year's purchase for the long-annuities not taken in: which sums, by 6 Geo. I. c. 4. were to be paid

On the removal of Mr. Aislabie, Sir John Pratt, Chief Justice of the King's Bench, was appointed Chancellor of the Exchequer, pro tempore, and, on the 3d of April, Robert Walpole, Esq. afterwards Sir Robert and Earl of Orford, was made First Lord of the Treasury, and Chancellor and under Treasurer of the Exchequer. The Hon. Henry Pelham was likewise made one of the Lords of the Treasury.

within one year, by four equal quarterly payments, commencing 25th March, 1721. But, petitions from the company being presented to the king and to the house of commons, praying for relief, the time of payment was extended to 25th December, 1722; and, in case of default, the money was to be stopped out of the payments to the company from the Exchequer. The repayment of a million, lent to the company, in exchequer-bills, on 7th June, 1720, was also postponed to 7th June, 1722.

An act was likewise passed, for raising money upon the estates of the late sub and deputy governors, directors, cashier, deputy cashier, and accountant, of the South-Sea Company, and of John Aislabie, Esq. and likewise of James Craggs, Esq. late post-master-general; the produce of which, after certain allowances, was to be divided among all the members, in proportion to their respective shares, towards making good the loss sustained by them. The balance of the estates of the sub and deputy governors, directors, deputy cashier, and accountant, according to the accounts delivered upon oath to the Barons of the Exchequer, amounted in the whole to £2,023,123 : 17 : 7¼: out of which allowances were made to each, according to their real or supposed guilt; amounting, in all, to £354,600 only.

As the proprietors of the public debts which had been subscribed into the South-Sea Company's stock contended that they were not bound by their subscriptions, and were taking the necessary steps to get the question decided by law, it was thought ne-

cessary to determine the dispute by act of parliament. By this act, (7 Geo. I. sess. ii. c. 1.) the company were exonerated from all the payments to which they were bound by the original agreement for increasing their capital, for making which payments a farther time had lately been granted; and, in lieu thereof, two millions only of their capital was annihilated from Midsummer, 1722, with the annuity attending the same; and various regulations were adopted for adjusting the shares of the proprietors, and for settling the demands on such as had borrowed money of the company on their stock or subscription receipts. In consequence of a petition from the South-Sea Company in 1724, an act was passed for reviving the two million stock thus annihilated; by which, all the profit, that the public were to have derived from this celebrated scheme, was finally relinquished. After dividing this additional two millions among all the proprietors, the whole of the Company's capital, amounting to £33,802,203 : 5 : 6½* was divided into two equal parts of £16,901,101 : 12 : 9¼ each; one to remain as their trading stock, and the dividends thereon subject to the profits or loss of their trade; the other to be converted into a joint stock attended with annuities, in lieu of all dividends, at 5 per cent. till 24th June, 1727, then to be reduced to 4 per cent. These annuities were distinguished by the title of

* The sum stated in the act is £33,802,483 : 14 : : 0½, but an error was afterwards discovered and corrected by 3 George II. c. 16.

The joint Stock of South-Sea Annuities, but have since been commonly called *Old South-Sea Annuities.*

These were the principal measures that were taken in consequence of the failure of the South-Sea scheme: which, instead of furnishing a considerable sum to be employed in the reduction of the public debts, increased their amount by an addition of £3,034,769 : 11 : 11$\frac{5}{6}$, (including the subscription of the lottery-annuities in the preceding year,) while the present annual charge was rather augmented than diminished, by the allowance for management on the increased capital. The reduction of a part of the interest was, however, secured; and, as the South-Sea capital was redeemable, it might be lessened by degrees, by paying off a part with the produce of the Sinking Fund, or a farther reduction of interest effected at a more favourable period. But this depended upon future circumstances; while, on the other hand, had the annuities which were converted into redeemable perpetuities remained in their original state, there was a certainty of their expiring at a fixed period.*

* Sir Humphrey Mackworth, in this year, published a proposal for paying off the public debts, &c. by issuing a paper currency secured on all the funds and public revenues of the kingdom, for so much money as the public debts amount to, to pass as the current coin in all payments whatsoever, till redeemed by the revenue, or otherwise. A delusive project, and worthy of the year in which it was proposed. See *A Proposal for Payment of the Public Debts, &c.*

CHAPTER VI.

The History of the National Debt, from the South-Sea Bubble to the Commencement of the War in 1739.

FROM the great depression of public credit, occasioned by the failure of the South-Sea scheme, government was under the necessity of allowing 6 per cent. interest for the usual loan of £1,410,000 on the land-tax of 1721, at the rate of three shillings in the pound; though, for some years past, the loan had been obtained at 5 per cent. To procure the similar advance on the malt-tax, a lottery was adopted, of 70,000 tickets, at £10 each, with an addition of 5 per cent. or £35,000 on the whole: if the tax did not produce £735,000, of which there was little probability, the deficiency was to be made good out of the next aids granted after 29th September 1722; and the whole carried interest at 4 per cent. from 24th June, 1722, till paid off.

Besides these customary loans, there was another of £500,000 for the discharge of civil-list debts. The two Assurance Companies, established pursuant to an act of the last session, were to have paid together £600,000, of which only £222,500 had actually been advanced on the 11th July, 1721, when his

Majesty's message was brought to the house, informing them, that, if this provision had not proved in a great degree ineffectual, he should not have been under the necessity of applying again to parliament on this occasion: but, being resolved to cause a retrenchment to be made in his civil-list expenses for the future, and finding this could not well be effected without discharging the arrears, (which at the preceding Lady-day amounted to upwards of £550,000,) he requested to be empowered to raise money upon the civil-list revenue.* An act was accordingly passed, authorising his Majesty to borrow £500,000, at 5 per cent. interest, payable quarterly, from 24th June, 1721, which was charged upon a deduction of sixpence in the pound out of all salaries, wages, pensions, or other payments from the crown; and the annuities made transferable at the Bank. By a clause of this act, the two Assurance Companies, after payment of £77,500, were discharged from paying the farther sum of £300,000 then remaining due. By this act, £191,028 : 16 : 6½ was granted, out of the produce of the Sinking Fund, for making good a deficiency due to the East-India Company, at Michaelmas, 1719; which certainly could not be deemed a national debt, "incurred before the 25th December, 1716," and, therefore, did not come within the original appropriation of the Sinking Fund.

* It is evident, that if, as the message says, the payment of the whole sum agreed to be advanced by the companies would have precluded the necessity of applying to parliament, there could be no occasion to grant £500,000 to make good a deficiency of £300,000.

There were, also, some smaller infringements on the fund, viz. £2700 paid to the commissioners appointed to take in subscriptions to the South-Sea Company; and £89 : 19 : 4½ returned to one of the receivers of taxes for an over-payment on the land-tax for 1716, (which ought to have been repaid out of the land-tax for the current year,) and £12,480 9 : 1 for principal and interest remaining due of the loan on the hop-duty. The other deficiencies provided for in this session were, on the malt-tax for 1719, £153,805 : 14 : 2, with interest; and £82,793 19 : 10 $\frac{7}{10}$ for the deficiency of the General Fund for 1720.

1721.—In the session, which began 19th October, £125,000 was voted for a deficiency in the malt-tax for 1720, and made payable out of the land-tax for the ensuing year; and £111,532 : 13 : 9 $\frac{1}{5}$ for the deficiency of the General Fund at Michaelmas, 1721. The Land-tax for 1722 was reduced to 2*s.* in the pound, and the interest on the anticipation, both of the land and malt, was now fixed again at the usual rate of 5 per cent.

As the navy-debt had accumulated to the large sum of £1,700,000, (in consequence of which navy and victualling bills were at a high discount) its reduction was recommended to the house of commons at the opening of the session: accordingly, on the 1st of Nov. £1,000,000 was granted towards discharging the debt of the navy,* as it stood

* The navy-debt, 24th Dec. 1716, was £709,096 : 19 : 8½, so that granting now a million for payment of navy-debt, which, in fact,

on the 30th Sept. 1721; and the means taken for raising this sum were as follows: the exchequer-bills then current amounted to £1,919,912 : 10 : 0, consisting of £896,662 : 10 : 0 issued in lieu of old bills, pursuant to the malt-act for 1720; £23,250 for interest on the old bills converted into principal; and £1,000,000 lent to the South-Sea Company. These bills, at least the last sum, could by no means be considered as debts *contracted before the 25th of December*, 1716; it was, however, found expedient to pay off a million of them out of the income of the Sinking Fund; and, in lieu of the bills to be thus cancelled, by 25th March, 1722, the Treasury were empowered to raise £1,000,000 upon new exchequer-bills, bearing the same interest of 2*d.* per cent. per diem, which were to be placed as cash in the hands of the tellers of the Exchequer, for the service of the ensuing year; and, as the South-Sea Company were unable to fulfil the agreement they had entered into, respecting the circulation of exchequer-bills, or to repay the *million* lent them in these securities, they were released from the former, and the time for repayment of the latter was farther extended to the 7th of June, 1723.* The Treasury were also empowered to contract for the circulation of the remainder of the bills and the new ones to be issued, with any persons who would undertake the same at a rate not exceeding 3 per cent. per ann. while the amount

was taken from the Sinking Fund, was the same as if £290,903 0 : 3½ had been taken from it towards the current services.

* See page 130.

of the bills outstanding exceeded one million, and at 1 per cent. per annum, after they should be reduced to a million, or under. The circulation was undertaken by the Bank, upon these terms, from 24th July, 1722. The Sinking Fund, with the million due from the South-Sea Company, were charged with the principal and interest, and the allowance for circulation of all these bills. By the act passed for the above purposes, it is also recited, that the civil-list revenues for the year, ending at Mich. 1720, produced a surplus of £102,682 : 7 : 11¾ beyond the sum of £700,000 per annum; which surplus was to be replaced out of the £500,000 which his Majesty had been empowered to borrow in the last session. Provision was also made for paying off, or rather funding, the debentures formerly issued for the relief of the sufferers in the islands of Nevis and St. Christophers, the interest on which had been very irregularly paid, and was at this time seven years in arrear: this arrear of interest, amounting to £41,731 : 19 : 1¼, was added to the principal of £99,361 : 16 : 0, forming together a capital of £141,093 : 15 : 1¼, bearing 3 per cent interest, from 25th Dec. 1721, which was charged upon the General Fund.

1722—In the next session, which began the 9th of October, the land-tax was continued at 2*s.* in the pound, with power to raise a million thereon, at 3 per cent. interest, either by loan or on exchequer-bills; £18,243 : 1 : 2½ then in the Exchequer, of ar-

rears of former land-taxes, was also appropriated towards the supplies for 1723.

For obtaining the usual loan on the malt-duty, a lottery of £10 a ticket was again thought necessary, by which an expense of £9,700 was incurred for rewards and charges attending the lottery, and which ought to be considered as an addition to the rate of interest paid for money borrowed in this manner: £977 : 4 : 0 of the malt-duty of 1721 was also appropriated towards the supplies. The other deficiencies made good in this session were,

	£.	s.	d.
Deficiency of the General Fund, at Mich. 1722,	84,252	4	$6\frac{1}{5}$
Deficiency of grants for 1722	65,422	15	$9\frac{7}{10}$

In addition to the land and malt taxes, an act was passed for laying a tax upon papists and nonjurors, by raising £100,000 upon the real and personal estates of such persons, over and above the double land-tax, and all other taxes paid by them. The occasion of this partial tax (as unjust in principle as the old exactions from the Jews) was the discovery of a plot in favour of the Pretender, in which, without proof, the catholics were supposed to be particularly concerned. To give it the appearance of lenity, it was granted in lieu of the rents and profits of two-thirds of their registered estates for one year, which had been subjected to forfeiture in the reign of Queen Elizabeth, by a law that probably was never intended to be carried into execution. The intention of proposing a tax of this kind was first mentioned

by Mr. Walpole, the Chancellor of the Exchequer, in a committee of ways and means, on the 31st of October, and the resolution for that purpose was agreed to by the house on 26th of November; but, as the tax met with much opposition, the act was not passed till the 27th of May, 1723. The sums assessed by the act upon the different counties and principal cities amounted only to £95,989 : 19 : 9, without deducting the allowance for collection; yet the Treasury were empowered to borrow upon credit of the tax the full sum of £100,000, at 3 per cent. either by loan or on exchequer-bills.*

As the million due from the South-Sea Company was payable on or before the 7th of June, this sum was appropriated for paying off the million in exchequer-bills issued in 1722, which were thus cancelled. It has appeared, that, of the debts intended to have been taken in by the South-Sea Company, the whole were not subscribed; and, as notice had been given for paying off £1,204,786 : 3 : 4¾ remaining unsubscribed† of the 5 per cent. lottery-annuities, it was now effected by issuing the sum of £204,786 : 3 : 4¾ from the Sinking Fund, and raising one million on exchequer-bills, bearing interest at 2*d.* a day per cent. which bills were to be paid off out of the growing produce of the Sinking Fund; and notice was given, that

* £5,726 : 16 : 3 was issued out of the produce of the Sinking Fund for interest and circulation of the exchequer-bills on this tax, but was afterwards replaced to the fund.

† The South-Sea Company's capital was irredeemable till Midsummer, 1727.

£235,297 : 18 : 4, remaining unsubscribed of the 5 per cent. annuities, created in 1715, (by 1 Geo. I. sess. ii. c. 19 & 21.) would be paid off at Lady-day, 1724; though it was evident, that, if the whole income of the fund was applied to this purpose, they could not be cancelled in less time than about a year and a half.

1724.—The king's speech, on opening the next session, 9th January, after congratulations on the flourishing state of the nation, contained the following passage: "I must, in a particular manner, recommend to "your care the public debts of the kingdom, as the "most national concern you can possibly take into "your consideration. I am persuaded it must be a "very great satisfaction to all my faithful subjects "to see the Sinking Fund improved and augmented, "and the debt of the nation thereby put into a me-"thod of being so much the sooner gradually redu-"ced and paid off. It would be a work truly worthy "of a British parliament to begin this commend-"able undertaking, and to make such a progress "therein as, with a strict regard to public faith and "private property, may pave the way to this great "and desirable end." The commons in their address expressed great satisfaction at this part of his Majesty's speech, and promised to use their utmost endeavours to improve and augment the Sinking Fund, and thereby put the National Debt into a method of being gradually reduced and paid.

The land-tax was continued at 2*s.* in the pound; and £11,420 : 1 : 5¾, then in the Exchequer, of arrears of former land-taxes, was appropriated towards

the supplies. The loan on the malt-duty was again procured by a lottery, attended with an expense of £10,200; though, as the interest of the loan on the land-tax was only 3 per cent. the farther sum of 700,000 might probably have been obtained at nearly the same rate, without having recourse to this pernicious expedient. The deficiencies made good were,

	£	s.	d.
Deficiency of the grants for 1723.	57,331	11	8¾
Ditto of the General Fund, at Mich. 1723 . .	62,634	9	9½
Ditto of malt-duty, 1722, at Lady-day, 1724	50,004	11	7½

It will be recollected, that the amount of the General Fund was fixed at £724,849 : 6 : 10⅕, and that the annual charge upon it was considerably under this sum; consequently, although there had been a vote every session for making up what it fell short of the fixed sum; there was an actual surplus, which appeared to be increasing: the surplus of the *Aggregate* Fund had, also, considerably increased; and, therefore, although the surplus of the South-Sea Fund had been more uncertain, the income of the Sinking Fund was much augmented. An act was accordingly passed, for appropriating part of the produce of this fund for paying off the following 5 per cent. annuities remaining unsubscribed into the capital stock of the South-Sea Company, viz.

	£.	s.	d.
Remaining of £910,000, raised by 1 Geo. I. sess. ii. c. 19.	203,824	5	0
Remaining of £169,000, raised by 1 Geo. I. sess. ii. c. 21.	31,473	13	4
Remaining of £110,312 : 17 : 4¾, raised by 5 Geo. I. c. 1.	2,510	0	0

Also, £95,640 for discharging the principal, payable in course on the standing orders for blank lottery tickets of 1714, with the interest due thereon, at 5 per cent. to Lady-day, 1724. By a clause of this act, £15,144 : 19 was directed to be paid, out of the Sinking Fund, to the tellers of the Exchequer, to make good the loss upon 605,798 guineas, remaining in their offices upon the reduction thereof from £1 : 1 : 6 to £1 : 1 each, pursuant to an act of this session; which was evidently a payment that had no connection with the original appropriation of the fund.

As the same tranquil and favourable situation of affairs continued, when the parliament met on the 12th November, 1724, the land-tax was continued at 2*s.* in the pound, with a clause for appropriating £13,010 : 7 : 2¾ remaining in the exchequer of arrears of land-taxes payable in or before the year 1721, towards the supply for 1725; and a deficiency of £240,000 on the land-tax for 1722 was transferred to this register. The estimate of the malt-duty for 1725 was increased to £750,000, being the sum at which it has been usually taken since. The deficiencies provided for were as follows; viz.

	£.	s.	d.
For principal and interest of unsatisfied certificates on malt-lottery, 1723	210,401	10	6
Ditto land-tax 1720, at Michaelmas, 1725 . .	60,501	13	6
Deficiency of the General Fund	57,953	5	9½
Deficiency of grants, for 1724	37,931	9	10¼

No farther progress could be made at this time in the redemption of the public debts by means of the

Sinking Fund, as the income thereof was already appropriated towards cancelling the million in exchequer-bills, issued in 1723, and for paying the charges attending the same; a measure of considerable importance was however accomplished by an agreement with the Bank for reducing the interest after Midsummer, 1727, from 5 to 4 per cent. on the sums of £1,775,027 : 17 : 10½ and £2,000,000 due to them for cancelling exchequer-bills: the principal to be redeemable at any period upon payment of not less than £500,000 at a time.*

While the administration appeared to be seriously engaged in pursuing proper measures for paying off the public debts, some persons began to entertain a doubt whether these measures would not be attended with disadvantages, by lessening the circulation of money; and that, if any considerable progress was made, it would affect the consumption of commodities so much as to render it impossible to raise the same revenue: they should, however, have remembered, that in such a case there would not have been occasion for so great a revenue. Erasmus Philips, the author of *The State of the Nation, in respect to her Commerce, Debts, and Money*, published in 1725, conceived it probable that, if 20 millions of the debt were paid off, the difficulty of employing money would become so great, that half of it would be found useless and be hoarded up!!

* This agreement was a saving to government of £37,750 : 5 : 6¾ per annum.

On the 8th April, a message from the king was delivered to the house of commons, informing them that the necessities of his majesty's government had rendered it impracticable for him to make any considerable retrenchments in the civil-list, and had engaged him in some extraordinary expenses. For discharging the debts thus contracted, he hoped to be empowered to raise a sufficient sum upon the credit of the funds lately settled for the payment of the civil-list annuities. As provision had been made for the civil-list debts in 1721, the account laid before the house upon this occasion excited some surprise; the amount of the debts at Michaelmas, 1724, being no less than £508,367 : 19 : 4; however, after some debate, a bill was brought in and passed for authorising his majesty to raise £1,000,000, either by exchequer-bills, bearing interest at 2*d.* per cent. per diem, or by loan at 3 per cent. per annum: and one half of the sum so raised was appropriated for redeeming the annuities of £25,000 per annum, charged upon the civil-list revenues by an act of the year 1721; the other part to be applied towards discharging the debts and arrears due from his majesty to his servants and others: the sum was accordingly raised by issuing new exchequer-bills.

1726.—Considerable changes took place in the political state of Europe previous to the next meeting of parliament, 20th January; and, as the king's speech appeared full of much apprehension, the public funds experienced a considerable depression. The land-tax was, however, continued at 2*s.* in the pound;

and the anticipation of this, and the malt-duty, was to be obtained either by loan at 3 per cent. or by exchequer-bills bearing 2*d.* per cent. per diem. The deficiencies made good were as follows:—

	£.	s.	d.
Deficiency of grants for 1725	158,389	2	8
Deficiency of the tax on papists granted in 1723	44,621	2	4*
Deficiency of the General Fund	60,235	8	8

The sum of £66,100 was also paid for principal and interest unsatisfied of the loan on the Land-tax 1724, at Michaelmas 1726; and £164,443 : 2 : 2½ for principal and interest of unsatisfied certificates of the malt-lottery 1724, at 5th May, 1726. In order to cancel the exchequer-bills issued for the civil-list debts, pursuant to an act of the last session, an act was now passed for raising £1,000,000 at 3 per cent. per annum from 24th June, 1726, by way of lottery of 100,000 tickets at £10 a ticket; and the power of making the deduction of 6*d.* in the pound upon all salaries, fees, wages, pensions, annuities, and other payments from the civil-list, was continued to his majesty, his heirs and successors; out of which, £30,000 per annum was appropriated as a fund for payment of the interest on this loan, and the surplus, if any, to be at the disposal of parliament. By this lottery a charge was incurred of £12,000 for rewards and services attending the same, and prompt payment of contributions; besides a loss of £7657 : 10

* This was the sum voted, but the deficiency was satisfied with £38,900.

on drawing the chances, from a considerable number of the tickets remaining undisposed of; provision for which was made in the next session.

Early in the session, a motion was made by Mr. W. Pulteney, who was then in opposition, for a committee to be appointed to state the public debts, as they stood on 25th December, 1714, (being the year of the king's accession,) and to shew what debts had been incurred since that time to 25th December, 1725,—how much of the same had been provided for,—and how much remained unprovided for by parliament.* This motion was lost, being opposed by the minister and his friends, upon the ground of being unseasonable and likely to have a dangerous effect upon public credit; their principal objection to it, though not avowed, most probably arose from perceiving that a loan would be necessary towards the supplies, in addition to the lottery-loan; which might not have been so easily obtained, if any con-

* The general suspicion that began to prevail of the increase of the public debts since the establishment of the Sinking Fund; and of the inadequacy of that provision to the end for which it was designed; occasioned the publication of an excellent Essay on the Public Debts, which has been generally ascribed to Sir Nathaniel Gould. In this essay it was shewn, that, although there was an appearance of increase, from the South-Sea subscription, and from several articles being brought to account which were actually due before 25th December, 1716, yet the debt had in reality been diminished; and that, with the great addition that would be made to the Sinking Fund from the reduction of interest in 1727, it would, if not diverted to any other purpose, discharge all the debt then existing in about 56 years; or, with a farther reduction of interest, in a shorter period.

clusions had been drawn from such an inquiry, unfavourable to the measures that had been taken for the reduction of the debt.

As a fund on which to borrow the sum required for the public service, a new tax was imposed; being a duty, by way of licence, upon all victuallers within the bills of mortality; upon which £500,000 was to be raised by issuing exchequer-bills, bearing interest at 2*d.* per cent. per diem, payable every three months. The surplus of the duty, if any, was to be applied towards discharging the principal of the bills; but if instead of a surplus there should be a deficiency, by the tax falling short of the annual interest, this deficiency was to be made good out of the Sinking Fund, and to be replaced from the next aids granted by parliament.

We have before had occasion to notice that vague and dangerous mode of granting the public money called a vote of credit, which was again adopted in this session, in consequence of a message from his majesty, delivered to the house of commons on the 24th March. The motion for this purpose was opposed, and it was observed, that no account had yet been obtained of the sum expended on a similar vote in 1717: the ministry however had a considerable majority, and an *unlimited* vote was passed; on which there was taken out of the annual supplies the sum of £175,000, over and above £75,000, on account of the treaty with the Landgrave of Hesse Cassel.

1727.—The next session was opened on the 17th January, with a long speech from the throne, noticing the engagements entered into between the Emperor of Germany and the King of Spain,—their combination to support the cause of the pretender,—the infraction of our treaties of commerce,—the revival of the King of Spain's claim to Gibraltar and Port Mahon,—and the memorial left by the Spanish minister on being recalled from London, (considered as little short of a declaration of war) which circumstances evidently threatened the nation with hostilities, and consequently with their usual attendant, an increase of the national burthens. The following passage of the king's speech, however, deserves particular notice:—"Let all that wish well to the peace "and quiet of my government have the satisfaction "to see that our present necessities shall make no "interruption in the progress of that desirable work "of gradually discharging the National Debt: I "hope, therefore, you will make a provision for the "immediate application of the produce of the Sinking Fund to the uses for which it was so wisely "contrived, and to which it stands now appropriated." The usual nature of an address of thanks renders it unnecessary to say, that the commons agreed to consider the subject thus recommended to their attention: the act passed in consequence thereof we shall presently explain. As the necessity of increasing the forces required an augmentation of the ways and means, Sir R. Walpole

proposed raising the land-tax to 4*s.* in the pound;* which was opposed by some of the opposition, who alleged that it was more eligible to apply the produce of the Sinking Fund towards the present necessities; but, after some debate, the motion was carried, and the bill was afterwards passed, with the usual clause of credit for borrowing £2,000,000 thereon, at 3 per cent. The loan on the malt-duty was likewise at 3 per cent. and in this act an extraordinary clause was introduced, empowering his Majesty to apply "such sums of money as shall be "necessary for answering and defraying such ex-"penses and engagements as have at any time been, "or shall before or until the 25th Dec. 1727, be, made "by his Majesty, in concerting such measures as he, "in his great wisdom, thinks will best conduce to "the security of the trade and navigation of this "kingdom, and to the preserving and restoring the "peace of Europe." The proposal for introducing this unlimited clause justly experienced much opposition; which, however, proved ineffectual, and it was carried by a considerable majority.†

* The land-tax had for five years past been at 2*s.* in the pound, and produced into the Exchequer the following sums:—

	£.	*s.*	*d.*
1722	991,729	4	11½
1723	992,187	14	9
1724	990,354	2	10¾
1725	985,787	7	7
1726	964,481	3	3¼

† £250,000 was taken for these services, besides £50,000 more for the King of Sweden, upon his accession to the treaty of Hanover.

An attempt was made to obtain a particular account of the distribution of £125,000, issued on the vote of credit in the preceding year: but though ministers, for the sake of appearances, agreed to an address for this purpose, it was not thought proper to permit such an account to be laid before the house.

The deficiencies made good were,

	£.	s.	d.
For deficiency of grants for the year 1726	160,306	17	5¼
Ditto of the General Fund	54,196	7	9¼

The sum of £76,642 : 7 : 11 was also paid for principal and interest remaining due of the loan on the land-tax 1725, at Michaelmas, 1727; and £172,871 : 5 : 2½ on the malt-duty 1725, at 29th April, 1727.

The act for directing the application of the produce of the Sinking Fund is 13 George I. c. 3. by which the following sums were ordered to be paid off:—

	£.	s.	d.
Remaining unsubscribed into the capital of the South-Sea Company, of £947,514 : 7 : 8 for tallies of salt, charged on the General Fund, pursuant to 3 George I. c. 7.	198,958	8	3
Remaining unsubscribed into the capital of the South-Sea Company, of £1,603,987 : 8 : 1½ for army debentures, made out to 21st March, 1719, and charged on the General Fund, pursuant to 3 George I. c. 7.	393,194	14	5½
Remaining unsubscribed into the capital of the South-Sea Company of £5,000,000 raised by the first lottery of the year 1719, and charged upon the Aggregate Fund	58,300	0	0

These three sums with £548,939 : 12 : 6¼ in army debentures, (certified since the 21st March 1719, pursuant to several acts for stating the debts of the army,) amounted together to £1,199,392 : 15 : 2¼, bearing 4 per cent. interest; and, for paying off this sum, the Treasury were empowered, if they thought proper, to employ the produce of the Sinking Fund, previous to paying off the exchequer-bills then charged upon it. £295,050 2 : 7¼ was however issued out of the Sinking Fund for cancelling the remainder of the old exchequer-bills; also £5000 for cancelling the remainder of the million, in exchequer-bills, issued in 1723;* besides £10,882 : 16 : 7 to the Bank, for circulating exchequer-bills to 24th July, 1727; and £72,559 : 14 for paying off Nevis and St. Christopher's debentures to such proprietors as should not accept the 3 per cent. annuities established by the lottery-act of the last session; which, not having been all subscribed for,† were now offered in lieu of these debentures. The sum of £10,725 : 5 : 3¼ remaining in the Exchequer un-

* See page 139.

† The whole of the lottery had been subscribed for; but, the tickets soon getting to a discount, several persons refused to take them, so that government was obliged to stand the chance of drawing; on which there was a loss of £7657 : 10. The sum that remained in tickets in the Exchequer at the time of drawing the lottery was £103,272 : 10, and, as this could not regularly be taken from the Sinking Fund, it was done in an indirect manner, by taking the money for the debentures exchanged for civil-list annuities; the debentures being debts incurred before 25th December, 1716. The sum exchanged by Christmas, 1727, was £72,559 : 14.

claimed on the Banker's debt, to 29th September 1717, was in this year carried to the Sinking Fund; as was likewise *one hundred and twenty* pounds received by the Chancellor of the Exchequer from a person unknown, towards discharging the public debts.

In this session, the sum of £370,000 was borrowed at 4 per cent. payable quarterly, upon the surplus of the duties on coals and culm; and, if the surplus proved insufficient, the deficiency was to be made good out of the next supplies granted in parliament, or out of the Sinking Fund: this loan, or anticipation, was opposed in the house of commons, upon the ground that the surplusses upon which it was to be charged ought to be applied towards augmenting the Sinking Fund; but, whatever might have been intended, it is certain that they had never been regularly appropriated to this purpose.

An instance of great neglect in the management of the public revenue appeared in consequence of a petition from the commissioners for licensing hawkers, &c. praying for leave to bring in a bill to enable them to compound for a debt occasioned by the default of their cashier, who had absconded: which being referred to a committee, it appeared that £1500 only had been paid into the Exchequer upon these duties, from Midsummer, 1719, to Midsummer, 1723, although the commissioners were bound by the act to pay the produce of the duties into the Exchequer *weekly;* and that, in consequence of the neglect of the late commissioners, there was a deficiency of £42,693 : 13 : 5, of which £6000 was recovered from the securities of the cashier. The petition was

rejected, but it does not appear that the commissioners ever incurred any kind of punishment for their gross neglect and mismanagement: so that, instead of making an example to deter other public officers from neglecting their duty, it encouraged similar depredations on the revenue, by shewing that it might be done with impunity.

As the king died on the 11th June, 1727, it may be proper to give an account of the amount of the National Debt at the end of that year: not that this circumstance produced any considerable change of measures, but on account of a current opinion of the inefficacy of the Sinking Fund, and of the increase of the National Debt, which soon after became a subject of parliamentary inquiry. It may also be necessary to observe, that, at Midsummer in this year, the interest on the principal part of the debt became reduced to 4 per cent. according to former agreements, and many persons were of opinion that a farther reduction would be an advantageous measure.

Amount of the National Debt, at Christmas, 1727.

	Principal. £.	s.	d.	Interest. £.	s.	d.
Annuities for long terms, remainder of original sum	1,837,533	0	9	131,458	12	8
Annuities for lives, with benefit of survivorship, original sum	108,100	0	0	7,567	0	0
Annuities for two and three lives	149,384	11	4¾	17,527	8	9
9 per cent. annuities, 1710, unsubscribed	161,108	6	8	14,499	15	0
Lottery annuities, 1710	109,282	4	5½	9,836	2	0
4 per cent. annuities for army-debentures	218,165	16	4¾	8,726	12	7¾
Ditto on the plate act (6 Geo. I. c. 12.)	312,000	0	0	12,480	0	0
3 per cent. annuities for Nevis and St. Christopher's debentures	68,534	1	1¼	2,056	0	5
Loans on the coal-duties, at 4 per cent. per annum, 1719	90,000	0	0	3,600	0	0
Exchequer-bills on victualler's act, 1726	486,600	0	0	14,598	0	0
Exchequer-bills on the surplus of the coal duty, 1727	338,800	0	0	10,164	0	0
Exchequer-bills made out for interest on old bills	2,200	0	0			
East-India Company's capital, at 5 per cent.	3,200,000	0	0	160,000	0	0

	£	s.	d.	£	s.	d.
Bank original fund, at 6 per cent.	1,600,000	0	0	96,000	0	0
Ditto for cancelling exchequer-bills, at 4 per cent.	1,775,027	17	10½	71,001	2	3¾
Ditto for cancelling exchequer-bills, 1717, at 4 per cent.	2,000,000	0	0	80,000	0	0
Ditto purchased of the South-Sea Company	4,000,000	0	0	160,000	0	0
South-Sea stock and annuities, at 4 per cent.	33,802,203	5	6½	1,352,088	2	7¼
Navy debt for Stores, &c.	810,063	15	0			
Ditto for seamen's wages, &c.	671,788	2	7			
Victualling debt	573,722	1	9			
Debt of sick and hurt office	16,642	13	11			
3 per cent. annuities, 1726, charged on the civil-list deductions	1,000,000	0	0	30,000	0	0
	£ 53,331,155	17	5¼	2,181,602	16	4¾

Besides the above annual interest, £5898 : 3 : 5½ per annum was payable to the Bank for charges of management; and £19,499 : 6 : 0½ to the South-Sea Company on the same account.

The reduction of the interest, from 5 to 4 per cent. on £29,963,119 : 17 : 0, being the part of South-Sea stock and annuities, which carried 5 per cent. and on £7,775,027 : 17 : 10½, due to the Bank, produced an abatement of £377,381 : 9 : 6 in the annual charge of the above debt, which formed an important addition to the Sinking Fund, from Midsummer, 1727; at that time the surplusses of the three funds, composing the Sinking Fund, amounted to £922,003 : 1 : 9; or, including some incidental receipts, to £939,103 : 7 : 5¾.

Upon the accession of George II. the ministry took the most effectual method of ingratiating themselves with their new sovereign, by procuring a very considerable addition to his revenue. The parliament had given to George I. a clear revenue of £700,000 per annum, which considerably exceeded that of his predecessor; yet we have seen, that he was under the necessity of applying twice to parliament to enable him to discharge civil-list debts, besides receiving the sum of £300,000, for this purpose, from the Assurance-companies, and obtaining several considerable sums for foreign secret service: he also left considerable arrears at the time of his decease. In order to prevent the disagreeable necessity of similar applications in future, and to provide more effectually for the support of the *royal dignity*, which

was now thought to require a greater expense, Sir Robert Walpole, on the 3d of July, 1727, moved that the entire revenues of the civil-list, which produced about £100,000 per annum above the yearly sum of £700,000, might be settled on his Majesty during his life. The surplus of these revenues, beyond the specific yearly sum, had been appropriated to the Sinking Fund; and, on this occasion, Mr Shippen, who very ably opposed the motion, reminded Sir Robert Walpole of his inconsistency in proposing an innovation on the fund, for the establishment of which he had taken so much credit to himself. The act was, however, passed, by which the whole of the civil-list revenues were granted to his Majesty for life, with a provision, that, if in any year they should fall short of the sum of £800,000, the deficiency should be made good out of the next aids granted in parliament.* By another act, the king was empowered to settle an annuity of £100,000 on the queen, in case she should survive him, to be charged upon the civil-list revenues, with the collateral security of

* Net produce of the civil-list revenues, being the average of four years, ending at Michaelmas, 1726.

	£	s.	d.
Hereditary and temporary excise, exclusive of all appropriations	286,518	5	11
New subsidy of tunnage and poundage	302,297	15	1
Letter-money, exclusive of £700 per week	38,970	9	4½
Fines, seizures, and other small branches	55,892	4	4¾
From the Aggregate Fund	120,000	0	0
	£ 803,678	14	9¼

the *Aggregate Fund;* which was another indirect infringement on the Sinking Fund, to which the surplus of the Aggregate Fund belonged.

1728.—In the session, which was opened the 27th of January, the following deficiencies were provided for, viz.

	£	s.	d.
Deficiency of grants for the year 1727	279,360	1	1¾
Ditto of General Fund for the year, ending Michaelmas, 1727	33,611	5	4½
Ditto of malt-duty, 1726	138,708	2	8
Ditto of land-tax, 1726	86,153	2	1½

To pay off the principal remaining of the sums borrowed in 1719 on the coal-duties, £90,000 * was granted; and £103,140 to pay so much of the £360,000 granted for building churches, by 5 Geo. I. c. 9. as had not been raised by loans in pursuance thereof. These sums were to be paid out of the loan from the Bank, that the coal-duties might be charged with the interest of the money to be advanced by them. † £338,800 was also granted to discharge and cancel the exchequer-bills issued in 1727 upon the surplus of the coal-duties; and £434,605 ‡ to re-

* This was the sum granted, but only £85,520 was actually paid.

† The surplus of this duty was generally thought to have been appropriated to the Sinking Fund, but had lately been charged with the payment of a loan, (page 152.) This sum was now redeemed, in order that the produce of the duty might be charged with a larger loan.

‡ As the capital of the company was not redeemable in less sums than £500,000 at a time, £65,395 was issued out of the Sinking Fund to make up the sum stipulated.

deem the annuity of £17,384 : 4 : 0, payable to the South-Sea Company, on the like sum subscribed into their capital, being part of £500,000 raised for the service of 1719, by lottery, pursuant to the beforementioned act, 5 Geo. I. c. 9. The sum of £500,000 was likewise granted towards paying off such part of the navy-debt as was due under the head of *seamen's wages*, which, by the account laid before the house, amounted on 31st Dec. 1727, to £671,788 : 2 : 7; or, deducting the sum in the treasurer's hands on that account, to £570,889 : 12 : 3¾. This sum of £500,000 was raised by exchequer-bills bearing interest at 2*d.* per cent. per diem, and was charged upon the first aids granted by parliament after Michaelmas, 1728.* The sum which the Bank agreed to advance was £1,750,000, at 4 per cent. and they were to be repaid (out of the produce of the Sinking Fund) £1,000,000, being part of £1,775,027 : 17 : 10½, due to them for cancelling exchequer-bills. This sum carried 4 per cent. interest, as did likewise the £500,000 repaid the South-Sea Company: the £338,800 in exchequer-bills, on the surplus of the coal-duties, carried only 3 per cent. so that this loan from the Bank could not be intended to effect any saving of interest; but it might be necessary to preserve the appearance of paying off the National Debt, or in order to prepare for a more direct appro-

* It would have been a considerable saving if money had been raised at the same rate for discharging the other parts of the navy-debt, as navy-bills at this time carried 5 per cent. interest.

priation of the produce of the Sinking Fund towards the supplies. The efficacy of the fund was at this time much doubted; for, though no one could deny that it was wisely contrived, and that, if the original intention was steadily adhered to, its power would be continually increasing and become capable of discharging any debt which it was then thought possible the country could bear, yet, while it was frequently found necessary to borrow money in time of peace towards the supplies, it was natural to apprehend that the debts would increase rapidly in time of war. As it had appeared, upon the face of the accounts laid before parliament, that the National Debt was at this time greater than at the time of the establishment of the Sinking Fund, it afforded too just grounds for censuring ministers to be neglected by the party then in opposition.* After se-

* In the debate upon the proposal for the loan of £1,750,000, Sir R. Walpole, who proposed it, took occasion to complain of a false representation of the public debts, which he said had been industriously propagated through the kingdom, in order to make the people believe that they were greatly increased, instead of being lessened, since the year 1716; whereas he could prove, that there had been about four millions more paid off than contracted. Mr. William Pulteney declared his surprise at this assertion, since, in all the ways in which he had considered the National Debt, there appeared to be a balance of some millions on the other side. This produced a mutual challenge to prove their assertions, and it was expected that the matter would have been brought to issue the next time the house went into a committee of supply; but, after several delays, the minister thought proper to ward it off by moving, that a committee be appointed for stating the National Debt. See *Some Considerations on the National Debts, &c.*

veral debates on this subject, the commons, on the 4th of March, in a committee of the whole house, took into consideration the state of the National Debt; and on the 12th passed the following resolutions, viz.

1. "That the moneys already issued and applied "towards discharging the National Debts, incurred "before Christmas, 1716, together with the sum of "£220,435 : 16 : 4¾, which will be issued at Lady-"day, 1728, towards discharging the said debts, "amount to £6,648,762 : 5 : 1¼.*

2. "That the several National Debts, including "the Debt of the Navy as it stood December 31, "1727, contracted and incurred since December 25, "1716, for answering and defraying the annual "charges and expenses of the public for the current "service of the several years since the said 25th of "December, 1716, amounted, on the 8th day of "March, 1727, to the sum of £2,605,545 : 16 : 0¾.†

* This sum includes an estimated discharge of £346,860 on the coal-tax, which was granted by 9 Anne, for building new churches, and continued by 1 Geo. I. for one year farther; upon which acts £164,000 was borrowed, but had at this time been long paid off. The mode in which the payment of this debt of £346,860, (which never existed) is discovered, is by valuing the produce of the duty for the nine years from the grant at £540,000, and deducting £193,140 remaining of £360,000 borrowed on this duty by an act passed in 1719.

† It must be observed, that, according to some curious distinctions made in drawing up the representation, this sum is not the *increase* of the debts to that time, but the debt *incurred* for the current services.

3. "That the National Debt, contracted since the "25th of December, 1716, for or in respect to the "sum advanced by the South-Sea Company, pursu- "ant to an act of the 5th year of King George I. "for the liberty of increasing their capital stock, be- "ing so much thereof as was applied to the Sinking "Fund, doth amount to the sum of £328,673:4:10½.

4. "That the National Debt, contracted since "the 25th December, 1716, for making good the "yearly deficiencies of the General Fund, from the "establishment thereof, to and for the year ending "at Michaelmas, 1726, the surplus whereof is ap- "plicable to the Sinking Fund, amounts to the sum "of £703,740:6:2½; and that, by virtue of two acts "of parliament, of the fifth year of King George I. "farther additions have been made to the capital "stock of the South-Sea Company, for making good "several deficiencies of the original and additional "funds of the said company, settled and established "before the 25th December, 1716, amounting to- "gether to the sum of £290,028:19:11½."*

These resolutions will be found to disagree very considerably with the statements we have given of the National Debt; to account for which it must be observed, that, in the statement of the debt, on 25th December, 1716, which was laid before the house on this occasion, the amount was increased by

* These several species of debts incurred amount together to £3,927,988:7:1¼, which, however, is exclusive of the civil-list £1,000,000, and of several other sums which ought to have been included. See *Considerations on the National Debts, &c.* page 56.

£3,034,769 : 11 : 11 for the additional capital created in 1719 and 1720, by converting the irredeemable annuities into redeemable perpetuities: while, in the statement of the debt, on 25th December, 1727, the civil-list million was omitted, with several other articles; particularly £312,000 borrowed on the plate-duty, which was afterwards included in a more correct account.* Upon these resolutions, however, a representation was drawn up of the state of the Debt, of the Sinking Fund, and of Public Credit; which, on the 10th of April, was presented to the king; who, in his answer, observed, that the provision made for gradually discharging the National Debt was now become so *certain* and considerable that nothing but some unforeseen event could alter or diminish it; which afforded the fairest prospect of seeing the old debts discharged *without any necessity of incurring new ones*; and that they might be assured it would be his particular care and study to maintain and preserve the public credit, and to improve the Sinking Fund.

On the 6th of May, a message was delivered to the house of commons, on which an unlimited vote of credit was passed, although any explanation had been refused respecting the distribution of £250,000

* Those who wish to see a more particular account of the additions made to the debt, and the sums actually discharged from the year 1716 to this period, are referred to *Some Considerations on the National Debts, the Sinking Fund, and the State of Public Credit*, published in 1729.

issued on a similar vote of the last parliament. By an act, afterwards passed, £60,000 was appropriated for the purposes stated in this message.

1729.—In the next session, which began 21st Jan. the land-tax was continued at 3*s.* in the pound, with the usual power of borrowing £1,500,000 thereon, and £750,000 on the malt-duty, at 3 per cent. £11,694 : 17 : 8½, of arrears of former land-taxes, and £7,657 : 9 : 2, arrears of malt-duty 1727, were also applied towards the supplies for this year. The following sums were likewise voted for the public service.

	£	*s.*	*d.*
Deficiency of grants, 1728	103,189	11	7¼
Ditto of General Fund, 1728	63,902	15	2½
For discharging exchequer-bills issued on the act of the last year for seamens wages	505,822	5	3½
For deficiency of the malt-duty 1727	274,318	5	7½
Ditto of land-tax 1727	105,528	10	5¼

On the 3d of February, upon some accounts relative to the navy-debt* being laid before the house of commons, Mr. Pulteney, and other members in opposition, took occasion to repeat their former assertions of the increase of the public debts, and to enforce the necessity of raising the supplies within the year: a practice which ought always to be followed in time of peace, and was particularly neces-

* An account of the amount of the interest-money which had been paid for navy and victualling bills, from the 25th Dec. 1721, to the 25th Dec. 1728.

sary at this period, if the ministry had really wished to see any important reduction of the debt made by the Sinking Fund. But it is probable that they had now given up all intentions of this kind, and only thought of availing themselves of the produce of the fund in a circuitous manner, till they might venture upon a more direct application of it towards the supplies. They had promised to make the proper disposition of the growing produce of the Sinking Fund, and now boasted that the supplies for the year would be raised without laying any new taxes. But, upon a motion being made, "That the house would raise "the supplies for the current service of the year, "without creating any new debt upon any fund "whatsoever," it was negatived; for, as the supplies considerably exceeded the amount of the land and malt duty, it was thought proper to make up the difference by a loan, which was procured in the same manner as that of the preceding year, by repaying the Bank a part of the debt due to them, out of the produce of the Sinking Fund, and borrowing of them a farther sum. The amount of this loan was £1,250,000, on 4 per cent. annuities, redeemable in sums not less than £500,000 at a time; and they were to be paid out of the produce of the Sinking Fund £775,027 : 17 : 10½, for redeeming the remainder of the annuity of £71,001 : 2 : 3¾, payable to them for delivering up exchequer-bills to be cancelled in 1709; also, £500,000 for redeeming part of the annuity on the principal of

£2,000,000, due to them for the like sum in exchequer-bills delivered up to be cancelled in 1717. The surplus of the duties upon which the new loan was charged ought to have been carried to the Sinking Fund, though it does not appear that they had ever been regularly appropriated thereto.*

An address was presented to the king, for an account of the distribution of the sum issued on the vote of credit of the preceding session. This was refused, with the usual assurances, that it had been disbursed for services which required the greatest secrecy, and that an account of the distribution of it could not possibly be given without a manifest prejudice to the public. Though the commons were thus denied all information respecting this sum, they soon after very loyally granted his Majesty £115,000, on account of deficiencies said to exist in the civil-list revenues, (though, upon the examination of the officers of the revenue, and from several accounts called for and delivered to the house, it plainly appeared, that more than this sum was actually in arrear, and would be soon paid into the Exchequer;) which was to be refunded for the use of the public, out of the arrears of the civil-list revenues outstanding at the king's death, if they should be

* But, if this was not an actual infringement on the fund, surely it could not be pretended, that paying out of it £4191 : 14 : 6, to one of the tellers of the Exchequer, to make good a loss of the like sum stolen out of his office, was appropriating the fund to its intended purpose.

more than sufficient to make up the produce of the said revenues, £800,000 per annum during his life.

The king's speech on opening the next session, 9th November, 1729, communicated the information that all differences with Spain had been adjusted, by the conclusion of an absolute treaty of peace with that power, and that he had ordered a reduction both of the sea and land forces. As in the course of the following year a contribution was expected from the East-India Company, the land-tax for 1730 was reduced to 2*s*. in the pound: the interest of the loan upon this and the malt-duty was at 3 per cent. and £11,655 : 11 : 9½ arrears of former land-taxes, with £9494 : 2 : 3 arrears of malt-duty 1728, were applied towards the supplies for this year. The sums voted for deficiencies were the following, viz.

	£	*s.*	*d.*
For deficiency of grants in 1729	115,446	0	3
For the deficiency of the General Fund, at Michaelmas, 1729	63,344	16	5¼
For the deficiency of malt-duty, 1728	227,457	11	5¾
Ditto for the land-tax, 1728	82,813	19	6

The reduction of the land-tax, (which certainly ought to have been continued at 3*s.*) rendered it necessary to contract a new debt; but it was thought expedient to throw it upon the next year, by raising £550,000 upon exchequer-bills, to be repaid out of the first aids granted in parliament after Michael-

mas, 1730.* The interest, &c. on this sum, were charged upon the surplus of the East-India Company's fund, to arise after Lady-day, 1730.

The probability of there being such surplus arose from a new agreement entered into with the company, who agreed to advance to government, on or before 24th December, 1730, £200,000, to be applied to the current service, and consented to the interest on their capital being reduced from 5 to 4 per cent. The capital of £3,200,000 to be redeemable upon one year's notice, after Lady-day, 1736, in payments of not less than half a million at a time. The growing produce of the Sinking Fund was appropriated to the payment of £1,000,000 of their capital, at or after Midsummer, 1730; and, if the company should desire to have the whole million paid at once, the Treasury were empowered to borrow, at 4 per cent. upon the credit of the future produce of the fund, so much as should be wanting to complete the same at Midsummer, 1730. This, however, was not found necessary, as the company received £725,000 at Midsummer, and the remaining £275,000 at Michaelmas, out of the produce of the fund. In this session the salt-duties, which formed the principal part of the fund for payment of the East-India Company's annuity, were repealed, under the plausible pretext that they were very burthen-

* £6443 : 7 : 4 was paid the Bank for circulating these bills, and £21 : 16 : 1½ to exchequer-bill officer for expenses.

some to the poor, and expensive in the collection: but the real motive we shall have occasion to notice hereafter; at present we shall only observe, that it appears to have been a part of the systematic plan of encroachment on the Sinking Fund, which the minister, well knowing the influence and security which government derived from the national debt, seems to have adopted, at the very time that he was professing the highest opinion of its efficacy and importance. The East-India Company's annuity was now charged upon the Aggregate Fund, the surplus of which formed the principal part of the Sinking Fund; and, as a part of the salt-duties belonged to the South-Sea Company's fund, it was provided, that, in case of any deficiency in the company's original fund, this should, likewise, be paid out of the Aggregate Fund.

In February, 1730, a bill was brought into parliament, to prohibit any person from advancing loans to any foreign prince or state, without a licence from his Majesty, or the authority of parliament. The reason which the minister gave for bringing in this bill was, that at that time a subscription was transacting for the Emperor, and that no less a sum than £400,000 was then raising for his use.

1731.—In the session, which began the 21st of January, the land-tax was continued at the same rate as in the last year; and upon this and the malt-duty the loan was £1,750,000 at 3 per cent. The following sums were also appropriated towards the supplies, viz. £32,516 : 12 : 11¾, arrears of former

land-taxes payable in or before 1728; £669 : 9 : 10½, arrears of sundry malt-duties; £9528 : 3 : 1, arising from the duties on compound liquors, imposed in 1729; and £15,101 : 12 : 5½ arrears of malt-duty, 1729. The deficiencies made good were as follows:

	£.	s.	d.
Deficiency of grants for the year 1730	134,312	14	6
Ditto of the General Fund, at Mich. 1730,	39,353	4	11
Malt-duty, 1729, at Lady-day, 1731	93,874	3	9½
Land-tax, 1729, at Michaelmas, 1731	71,013	3	4¼

As the supplies voted for the year, exclusive of £510,400* for cancelling the exchequer-bills of the last session, considerably exceeded the ordinary ways and means, a loan was found necessary, which was raised in the following manner: upon the repeal of the salt-duties in the last session, the stamp-duties, which also made a part of the fund for the payment of the East-India Company's annuity, were continued; and, the annuity being charged upon the Aggregate Fund, these remaining duties of course became free and liable to a new appropriation: it was now thought expedient to take advantage of this circumstance, which was probably one of the objects the minister had in view in his scheme of repealing the salt-duties; accordingly, the stamp-duty was made a fund for paying the interest from Michaelmas, 1731, on £400,000 borrowed on redeemable annuities, at 3½

* The sum paid, according to the account of the disposition of grants, was £504,200.

per cent. from 29th September, and on £800,000 raised by a lottery, at £10 a ticket, bearing 3 per cent. interest, to commence from Christmas, 1731. A new innovation on the Aggregate Fund must also be noticed; this was charging the fund with an annual sum for the amount of some duties abolished.

The produce of the Sinking Fund, at Michaelmas, 1731, was directed to be applied to the payment of £1,000,000 South-Sea annuities; with power to borrow money upon the future proceeds of the fund, in case there should not then be sufficient to complete the million: this, however, was not found necessary, as the fund produced more.

1732.—In the next session, which began 13th of January, the land-tax was reduced to one shilling in the pound, and the loan upon this and the malt-duty was £1,250,000, at 3 per cent. the arrear of malt-duty 1730, amounting to £7267 : 6 : 0, was also applied towards the supplies. The deficiencies made good were:

	£.	s.	d.
Malt-duty 1730, at Lady-day, 1732	137,137	16	6
Land-tax 1730, at Michaelmas, 1732	80,399	12	3½

£41,346 : 1 : 1¾ was also voted for the deficiency of the General Fund, but, owing to the insufficiency of the grants, it was not paid till the following year.

The peaceable situation of the country, and the general tranquillity of Europe, seem to have determined the minister to avail himself of so favourable an opportunity for endeavouring to ingratiate him-

self with the landed interest, by reducing the land-tax to 1*s.* in consequence of which, a deficiency of £121,395 : 3 : 4 was left unprovided for, although £123,580 : 2 : 5½, surplus of the grants for 1731, was appropriated to the supplies for this year, and £500,000 was borrowed on the salt-duties. The revival of the salt-duties, which Sir R. Walpole took care to make the condition on which he should propose the reduction of the land-tax, met with great opposition; and it was justly observed, that, if they were revived without being again appropriated to the Sinking Fund, a most dangerous precedent would be established; for, by taking off taxes belonging to the fund in one year, and laying them on in the next for a new purpose, the fund might be at last entirely exhausted, and the National Debt might remain for ever unpaid. The forcible arguments that were urged in the house of commons* had, however, little effect; the minister now declared that of all the taxes he could ever think of there was no one less felt. The bill was accordingly brought in and passed, and Sir R. Walpole might congratulate himself upon the accomplishment of this financial manœuvre.† The nett produce of these duties, on an average of four years, ending Michaelmas 1726, was £185,595, although the gross produce was upwards of £470,000 for England only; and,

* See also *The Lord's Protest*, 31° *Martii*, 1732.

† As a proof that the salt-duties were repealed with the intention of being re-imposed, the commissioners and officers were to be continued in pay for 18 months, from 25th December, 1730. The duties were now revived from 25th March, 1732.

being now granted for 3 years, £500,000 was borrowed thereon at 3 per cent.

At a general court of the South-Sea Company, 20th April, 1732, a resolution was passed for making application to parliament to be empowered to divide their present capital into four parts, and to convert three thereof into annuities, at 4 per cent. per ann. and the remaining fourth into a trading-capital; a sixth and one fourth per cent. being first deducted for the payment of a million of their bonds. The petition was presented to parliament on the 26th, but after a long debate it was thought proper to delay the affair till the next session.

By an act of this session there was directed to be issued, out of the produce of the Sinking Fund, the sum of £1,000,000, for redeeming a proportional part of the stock of the South-Sea Company, which was paid accordingly at Midsummer.

We have already had occasion to notice various encroachments on the Sinking Fund, which at first were small and indirect, but had become of late more open and important; notwithstanding which, it had produced, from its establishment in 1717 to Michaelmas in the present year, £12,193,705 : 5 : 0½, having increased from about half a million a year to upwards of a million, which sufficiently shews that, in this respect, it had fully answered the expectations that were formed at its establishment; and that, had it been faithfully applied, it would long since have annihilated the debt, to the discharge of which it had been appropriated. The infringements on the

fund had all been made under the administration of Sir R. Walpole, who had once gloried in calling himself the father of this laudable project; but what he had hitherto done appears to have been intended (particularly within the last two or three years) to prepare the way for a more direct seizure on the produce, which soon destroyed its efficacy, and at length, by its frequent repetition, rendered the Sinking Fund a mere nominal distinction.

1733.—In the next session, which began 16th January, the land-tax was again fixed at one shilling in the pound, but has never been at so low a rate since. The Treasury were empowered to borrow £1,250,000 upon the land and malt-taxes, by loans or exchequer-bills at 3 per cent. and £33,143 : 6 : 1½ arrears of former land-taxes, with £4820 : 9 : 9 arrears of malt-duty 1731, were appropriated towards the supplies for 1733. The deficiencies made good were:

	£.	s.	d.
Malt-duty 1731, at Lady-day, 1733	110,774	14	1¾
Land-tax 1731, at Michaelmas, 1733	54,805	12	10¾

The sum of £121,395 : 3 : 4 was also granted for the deficiency of the last year's grants, which included £41,346 : 1 : 1¾ voted in the last session for the deficiency of the General Fund at Michaelmas, 1731, but not paid; it was now voted again, but neither this sum nor £43,274 : 19 : 9, for the deficiency of the fund at Michaelmas, 1732, were made good till 1734; we need not wonder, however,

that the ministry were so careless respecting the improvement of the *Sinking Fund*, when they had determined to attempt a more open violation of it. On the 7th February, a motion was made in the house of commons, "That this house will raise the necessary supplies for the current service of this year, "without creating any new debt upon any fund "whatsoever;" but this, like a similar motion, made about four years before, was lost: the design of it appears to have been, to furnish an additional ground for opposition to an expected motion of Sir R. Walpole's, which he brought forward on the 23d February, for issuing £500,000 out of the Sinking Fund, towards the service of the year 1733. Such a proposition from the pretended father of the Sinking Fund, who had said that he considered, as a fundamental law of the realm, the act which declared it should be applied to the payment of the National Debts incurred before 25th December, 1716, and *to no other use whatsoever*, naturally excited some severe reflections. Sir J. Barnard, in an excellent speech on the occasion, justly observed, that to ease ourselves, by loading our posterity, is a poor temporary expedient of short-sighted or self-interested politicians, and that the author of such an expedient must expect the curses of future generations. Arguments, however, were vain: the minister in all probability would not have ventured to make such a proposal, had he not been confident of a majority in his favour: the bill was accordingly brought in and passed. By this act, £1,000,000 was also to be issued, out of the

Sinking Fund, for redeeming part of the South-Sea Annuities; but, the former sum being first taken, there remained, at Michaelmas, only £913,115 : 15 : 3¼ for the South-Sea Company; they were therefore paid the remainder of the million in the next quarter, with £651 : 12 : 7½ for interest thereon, at 3 per cent. from Michaelmas to Christmas.

On the 26th April, a petition from the South-Sea Company was presented to the house of commons, similar to that presented in the last session, for leave to reduce three-fourths of their capital into annuities; in consequence of which, a motion was made, on the following day, that the directors should lay before the house an account of what sums of money, South-Sea Stock, and South-Sea Annuities, had been received from the trustees for raising money on the estates of the late directors of the South-Sea Company and others: this passed in the negative; but a motion was carried, in the house of lords, "That the directors of "the South-Sea Company be ordered to lay before the "house an account how the produce of the forfeited "estates of the directors of that Company, in the "year 1720, has been disposed of, and all the orders "made in the general courts of that Company, re-"lating to the disposal thereof." This account, however, not being very satisfactory, the present and late directors and the inspectors of their accounts were examined by the house. A motion afterwards made, for the appointment of a committee to examine into the affairs of the South-Sea Company ever since the year 1720, being lost, occasioned a protest, set-

ting forth very strong reasons in favour of the appointment of such a committee.

By the act passed for carrying the object of their petition into execution, the capital stock of the Company, which amounted to £14,651,103 : 8 : 1, was after the 24th June, 1733, to be divided into four equal parts; and three-fourths of the same, amounting to £10,988,327 : 11 : $0\frac{3}{4}$, was to be converted into a joint stock, attended with annuities at 4 per cent. to be distinguished by the title of the "New Joint Stock of South-Sea Annuities:" the other fourth part, amounting to £3,662,775 : 17 : $0\frac{1}{4}$, was to remain as a trading or capital stock, subject to the diminution or increase of the dividend thereon by the loss or profit of their trade; neither of which were, however, likely to be very considerable, as they had given up the Greenland Fishery, and were at this time treating with the King of Spain's agents for an equivalent in lieu of their right of sending an annual ship to the Spanish West Indies.

1734.—The next session began 17th January, and, as a war had broken out on the Continent, (in which, as our continental connexions had lately been so wisely strengthened, there was great probability that we should soon be engaged,) a considerable augmentation of the forces was thought necessary. The land-tax was therefore raised to 2*s.* in the pound, and it will appear that it would have been much better to have still farther encreased it to 4*s.* rather than to have resorted to the means that were adopted for raising the supplies. The loan upon the malt-duty

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was £750,000 at 3 per cent. and upon the land-tax £1,000,000 at 3½ per cent.—£20,578 : 11 : 10½ arrears of former land-taxes, and £7,783 : 19 arrears of malt-duty 1732, were also applied towards the supplies. The deficiencies made good were:

	£.	s.	d.
Malt-duty 1732, at Lady-day, 1734	44,133	4	5¾
Land-tax 1732, at Michaelmas, 1734	29,229	4	4¼
General Fund at Michaelmas, 1733	48,516	14	6¼
Grants, for the year 1733	287,343	5	1

the last sum included £84,621 : 0 : 10¾ for the deficiency of the General Fund at Michaelmas, 1731, and 1732, the payment of which had been *voted* in the two preceding sessions, but was not *made* till this year.

One of the expedients for supplying part of the sum wanting towards the supplies was by continuing the salt-duties, (which were already granted and mortgaged to the 25th March, 1735,) for seven years longer, to the 25th March, 1742; this was effected with little opposition, although the revival of the duty had before been so strongly opposed. The sum borrowed upon this anticipation was £1,000,000, at 4 per cent. and, as the duty would not be free for at least one year and a quarter, the charge of compound interest should be reckoned for that time.

By another act, the precedent established in the last session was considerably improved upon, by directing that there should be taken from the *Sinking Fund*, towards raising the supply, the sum of

£1,200,000, which was more than a year's produce of the fund;* the bill was severely opposed, and a strong protest against it was signed by 21 Lords. In order to furnish a better pretence for taking this from the Sinking Fund, a vote was passed for paying off the like sum of the navy debt, which, on the 31st December, 1733, amounted to £2,020,175 : 18 : 1; but, though it was thought proper to pay off this part of the unfunded debt, an opportunity was given for contracting new debts, by incurring expenses to any amount, under the authority of a vote of credit;† in which the house of commons desired his Majesty to augment his forces by land or sea as far as in his great wisdom he should judge necessary: thus, without limiting either the sum or time, the house in this their last session gave a general power of contracting debts, and left them to be provided for by the next parliament.‡

* Produce of the Sinking Fund in the year ending

31st December, 1731 . , . .	1,002,587	7	1¾	
Ditto 1732	1,097,530	0	2¾	
Ditto 1733	1,093,997	10	0	

† It was thought proper on this occasion, that the message on which the vote of credit was founded should contain the gracious promise that an account of the services performed should be laid before the next parliament.

‡ The general and unlimited power given to the ministers, by this resolution of 3d April, was, as justly observed by Mr. Hatsell, in his *Precedents of the House of Commons*, a measure entirely subversive of those rules and restrictive forms of parliament, which the house of commons have imposed upon themselves in the mode of granting supplies; and was contrary to the practice which had been wisely established since the revolution, of appropriating the supplies to the services for which they had been voted.

In this year, £10,112 : 4 : 8¾ was also taken out of the Sinking Fund to make good the deficiency of the duty on wrought plate, at Lady-day, 1734.

1735.—In the first session of the new parliament, which began 23d January,* the land-tax was continued at 2*s.* in the pound, with power to borrow the usual sums both upon the land and malt, at 3½ per cent.—£9,165 : 13, arrears of malt-duty 1733, was also applied towards the supplies for the current year. The deficiencies made good were as follows:

	£.	s.	d.
Of malt-duty 1733, at Lady-day, 1735	107,509	18	0½
Of land-tax 1733, at Michaelmas, 1735	22,300	0	0
Of General Fund, at Michaelmas, 1734	37,557	13	4
Of grants, for the year 1734	36,405	15	4½

The same motives, which first tempted the minister to divert the Sinking Fund from the purposes to which it was appropriated, again induced him to prefer taking it towards the supplies, to imposing any new tax or raising the land-tax. An act was therefore passed, by which £1,000,000 was to be issued out of the produce of the Fund at Lady-day, 1736, towards the service of the year;† but, as it was doubtful whether the Fund would, by that time, amount to so much, the future produce was mortgaged by borrowing, at 4 per cent. what was wanting to

* In the course of this month, a loan of £250,000 for the Emperor was subscribed at the Bank, by licence from his Majesty.

† £24,570 : 2 : 7 was also taken from the fund, to pay interest on the million borrowed in the preceding year on the salt-duties: this was afterwards replaced out of the supplies for 1737.

complete the sum.* By another act, the salt-duties, which were already granted and mortgaged to 25th March, 1742, were farther continued for four years, to 25th March, 1746; and, upon this distant provision, £500,000 was borrowed of the Bank, at 4 per cent. per annum. Thus, about £140,000 was to be paid for interest on this loan before the tax could be applied to the payment of it; which, with about £45,000 for interest, after 25th March, 1742, and £120,000 for four years' expense of collecting this duty, makes £805,000 to be paid by government for this loan.†

In this session an attempt was made, but without success, to obtain an account of the expenses incurred in consequence of the vote of credit passed towards the end of the last session; the only information that could be gained respecting it was, by comparing the particulars given in the account of the whole expenses of the year with the sums they had voted for the several services.

1736.—In the next session, which began 15th January, the land and malt taxes were continued as in the last year, with power to borrow the usual sums thereon by exchequer-bills, at 3 per cent. £5507 : 7 : 11 arrears of the malt-duty 1734, was also applied towards the service of this year. The deficiencies made good were:

* The surplus of the Sinking Fund at Lady-day, 1735, (after paying the £1,200,000 granted for the last year,) was £273,034 : 10 : 2.

† See *Lord Bathurst's Speech*, 25th April, 1735.

	£.	s.	d.
Of malt-duty 1734, at Lady-day, 1736	155,360	16	10
Of land-tax 1734, at Michaelmas, 1736	48,129	3	3
Of grants, for the year 1735	21,096	9	8

£22,944 : 14 was also voted for the deficiency of the General Fund at Michaelmas, 1735, and £24,570 : 2 : 7 to make good to the Sinking Fund the like sum paid out of the same for interest on the million borrowed on the salt-duties in 1734; but these sums were not made good till 1737.

We have seen, for several years, nearly the whole produce of the Sinking Fund applied towards the current service, and consequently little progress made in the reduction of the Debt; it was now discovered, that, by borrowing the sums wanted towards the supplies, and charging the *interest* on the Sinking Fund,* a considerable sum would remain to be applied in carrying on the *appearance* of paying off the National Debt, or to be seized at some future time towards the current services. Accordingly, the fund was now charged with the interest at 3 per cent. from 24th June, on £600,000 to be raised by loan,†

* The intentions of the ministry were probably known or suspected, for, on the 2d February, a motion was made by Mr. Sandys and seconded by Sir John Barnard, for the house to resolve "That they "would raise the supplies necessary for the service of the ensuing "year within the year;" but, notwithstanding the evident propriety of adopting this plan, and applying the Sinking Fund to the purpose for which it was designed, the question was lost without a division.

† When once the Fund had been violated, it was easy to perceive that it would soon be made a fund for contracting new debts instead of paying off the old; and this measure, which had been predicted in

and £1,000,000 of New South-Sea Annuities was to be redeemed at Christmas; if the produce of the Fund should not then be sufficient, the Treasury were empowered to borrow the deficiency upon credit of the growing produce: £1,008 : 16 : 8¼ was also paid out of the Fund for 11¼ years interest, to 29th September, 1717, on £2862 : 0 : 5 of the Banker's Debt, and £1431 : 0 : 2½ for the redemption thereof, pursuant to 13 Geo. I. c. 3. £10,043 : 3 : 10¼ was likewise taken out of the Fund for the deficiency of the additional stamp-duty at Christmas, 1735.

It may be proper to notice, that, by an act imposing a very high duty on spirituous liquors, with the view of prohibiting or at least restraining the use of them, which had greatly increased for some years past, the Aggregate Fund was charged with £70,000 per annum to the civil-list revenue, as a compensation for the loss it might sustain from the diminution of these duties, which provision, to view it in the most favourable light, was useless; as it was already provided, by 1 Geo. II. c. 1, that, if these revenues fell short of £800,000, the deficiency should be made good by parliament.

the last session by those who opposed the grant out of the Fund for the current service, was now carried into effect. The only necessity for this loan was to keep the land-tax at 2*s*. and, in defence of the measure, the ministry mentioned the unwillingness of the public creditors to receive their money; to which it was justly answered, that this unwillingness was a certain sign of their having an advantageous bargain, and was therefore a demonstration that it was the interest of the public to pay them off as fast as possible.

1737.—In the next session, which was opened on 15th January, the land and malt taxes were granted as in the last year, with the usual loan thereon at 3 per cent. £5561 : 6 : 3, arrears of malt-duty 1735, were also applied towards the service of this year. The deficiencies made good were as follows, viz.

	£.	s.	d.
Malt-duty 1735, at Lady-day, 1737	209,010	1	8
Land-tax 1735, at Michaelmas, 1737	49,700	0	0
Grants for the year 1736	62,401	3	6¼

Also, £10,043 : 3 : 10¼ for replacing to the Sinking Fund the like sum issued out of it, in the last year, for the deficiency of the additional stamp-duties at Christmas, 1735.

As the continuation of the land-tax at 2*s.* again rendered a loan a necessary part of the ways and means for supporting the peace-establishment, a new mode of perverting the Sinking Fund was adopted; this was, repealing the duties on sweets, the surplus of which formed a part of the Aggregate Fund,* and, consequently, of the Sinking Fund, and granting other duties in lieu thereof; upon the credit of which £500,000 was to be borrowed by exchequer-bills or loan, at 3 per cent. By the same act, £1,000,000 was to be paid at Michaelmas, for redeeming part of the capital of Old South-Sea Annuities, though it was strongly contended, that as £5,500,000 of the South-Sea capital had been al-

* See 1 Geo. I. sess. ii. c. 12.

ready paid off, the payment should now be made to the Bank or India Company. £18,539 : 0 : 7 was issued out of the Sinking Fund for a year's interest and expense of management on £600,000, borrowed in the preceding year on the credit of this fund; also, £30,000 for one year and half's interest on £500,000, advanced by the Bank on the credit of the salt-duties in 1735; besides £3232 : 18 : 10 for deficiency of the additional stamp-duties at Christmas, 1736, and £11,894 : 9 : 9 for deficiency of the plate-duty at Lady-day, 1737.

1738.—In the next session, which began 24th January, the land and malt taxes were continued as in the last year, and the usual sum borrowed thereon at 3 per cent. £2169 : 17 : 4, arrears of malt-duty 1736, was also applied towards the supplies for this year. The deficiencies made good were:

	£	s.	d.
Of malt-duty 1736, at Lady-day, 1738	173,728	18	11
Land-tax 1736, at Michaelmas, 1738	34,797	4	7½
For deficiency of grants for 1737	* 28,321	4	11¾

Also, £32,232 : 18 : 10, for replacing to the Sinking Fund the sums taken out of it in the preceding year, for the deficiency of the additional stamp-duties, and interest paid to the Bank on the loan on the salt-duties 1735.

All ideas of applying the Sinking Fund to the purposes for which it was established appear to have

* This sum was voted, but the deficiency proved to be only £28,267 : 0 : 5½.

been now given up by those who had the management of our financial affairs; but, as many persons still saw the necessity of paying off the debts, as well as the impolicy of contracting new ones in time of peace, an act was passed, by which the ministry effectually promoted their own views, while they pretended a regard to the opinion of those who wished to see the debts gradually reduced. By this act, £1,500,000 of the money arising from the Sinking Fund was appropriated towards the supply for 1738; and government were empowered to raise, by loans or exchequer-bills, at 3 per cent. the farther sum of £500,000,* upon credit of the Sinking Fund. But, in order to cover their design of appropriating by degrees the whole produce of the fund, £1,000,000, was to be paid to the Bank for redeeming part of the annuity of £80,000, payable to them by 11 Geo. I. c. 9. part of which had been redeemed, pursuant to 2 Geo. II. c. 3. and with respect to which it is very doubtful whether it came within the meaning of the act by which the Sinking Fund was established.† The following sums were also paid out of the Sinking Fund, £26 : 8 : 9 for 11¾ years interest on £75 bankers debt, and £37 : 10 : 0, for redemption of

* This sum was intended as a provision for the expenses of an armament against Spain; but, the dispute being afterwards considered as adjusted, it was thought necessary to raise only £300,000.

† As the time was approaching when the exclusive privilege of the Bank might be determined by the redemption of their original fund, it is probable one view in this repayment was to induce them to offer better terms for its renewal.

the same, pursuant to 13 Geo. I. c. 3. £18,120 8 : 1½, for one year's interest and charges of management on £600,000, borrowed in 1736, upon credit of this fund. £3552 : 18 : 0, to make good the deficiency of the stamp-duty at Christmas, 1737; and £20,000 for one year's interest, due 8th September, 1738, on £500,000, advanced by the Bank in 1735 on the salt-duties.

The high price of the public funds,* in the beginning of 1737, the 3 per cents. being above par, gave rise to several schemes for reducing the interest of the National Debt; the subject was discussed in parliament, and the house of commons came to the following resolutions: "That all the public funds, "redeemable by law, which carry an interest of "4 per cent. per annum, be redeemed according to "the respective provisoes, or clauses of redemption, "contained in the acts of parliament for that pur-"pose, or be converted into an interest, or annuity, "not exceeding 3 per cent. per annum, not redeem-"able till after fourteen years;" and, that his Majesty be enabled to borrow any sum of money at an interest not exceeding 3 per cent. to be applied towards redeeming the National Debt. A bill was accordingly brought in for these purposes, on 22d of April; but, after two readings in the house of commons, was lost.

	3 per cents.	S.Sea Annuities.	India-Stock.
* January	£103¾	111¾	177½
February	105⅜	113	179¼
June	107		

1739.—The next session began the 1st February, in which the land and malt taxes were continued as in the last year, with power to borrow the usual sum on the malt-duty at 3½ per cent. and on the land-tax at 3 per cent. £7000, arrears of malt-duty 1737, was also applied towards the supplies. The deficiencies made good were:

	£	s.	d.
For deficiency of malt-duty 1737, at Lady-day, 1739 .	129,696	10	4¼
For deficiency of land-tax 1737, at Michaelmas, 1739 .	39,704	9	10

Also to the Sinking Fund, for the deficiency of the stamp-duties at Christmas, 1737, £3552 : 18 : 0; and to the Bank, and for interest paid on the salt-loan of 1735, £20,000.

Had the minister been inclined to have raised the land-tax in this year, there is every reason to believe, that from the disposition of the country, it would have met with little objection, but he preferred resorting again to the pernicious expedient of applying the Sinking Fund to the current service. An act was therefore passed, which directed that £500,000 should be issued out of the produce of the Fund at Midsummer; and, as a vote of credit had been passed for £500,000, for enabling his Majesty to increase the forces, if necessary, this sum was likewise to be taken from the Sinking Fund; but, as it might be wanting before the produce of the fund was sufficient to supply it, the Treasury were empowered to borrow £500,000, either by loan or exchequer-bills,

at 3 per cent. per annum, charged upon the growing produce of the said Fund. The sums now payable out of the Sinking Fund, for interest and deficiencies, were as follows:

	£.	s.	d.
For interest and charges on £600,000, borrowed, 1736 .	18,038	15	8½
Ditto on £300,000, borrowed, 1738 .	9,437	14	10½
For deficiency of additional stamp-duty, at Christmas, 1738 .	5,865	18	9
Ditto of plate-duty, at Lady-day, 1739	5,834	17	11½
To the Bank, for interest on £500,000 on the salt-duties .	20,000	0	0
Thus, in the course of seven years, this sacred fund had been robbed of £3,200,000, and subjected to an annual charge of	59,177	7	3½

The following is the State of the National Debt, as it stood December 31, 1739, immediately on the Entrance into a new War.

	Principal. £	s.	d.	Interest. £	s.	d.
The capital of the Bank of England, at 6 per cent.	1,600,000	0	0	96,000	0	0
For cancelling exchequer-bills, at 4 per cent.	500,000	0	0	20,000	0	0
Purchased of the South-Sea Company, at 4 per cent.	4,000,000	0	0	160,000	0	0
Annuities, at 4 per cent. from Midsummer, 1728	1,750,000	0	0	70,000	0	0
Annuities, at 4 per cent. from Midsummer, 1729	1,250,000	0	0	50,000	0	0
The capital of the East-India Company, at 4 per cent.	3,200,000	0	0	128,000	0	0
South-Sea Stock and Annuities, at 4 per cent.	27,302,203	5	6½	1,092,088	2	7½
Various long and short annuities, exchequer-bills, &c.	6,527,735	2	4	314,949	19	8
Navy and victualling debt, at 4 per cent.	824,684	15	6	32,987	7	9¾
	£ 46,954,623	3	4½	1,964,025	10	1¼

	£	s.	d.
Debt on December 31, 1727	53,019,155	17	5¼
Ditto, 1739	46,954,623	3	4½
	£ 6,064,532	14	0¾

CHAPTER VII.

The History of the National Debt, from the Commencement of the War, in 1739, *to the Peace of Aix-la-Chapelle, in* 1748.

IN the session, which began 15th November, 1739, the land-tax was raised to 4*s*. in the pound, with power to borrow £2,000,000, at 3½ per cent. The malt-duty was continued as usual: and £4426 : 19 : 1, arrears of malt-duty 1738, was appropriated towards the supplies. The deficiencies made good were:

	£	*s.*	*d.*
Malt-duty 1738, at Lady-day, 1740	127,543	17	1½
Land-tax 1738, at Michaelmas, 1740	46,400	0	0

And likewise £25,865 : 18 : 9 to the Sinking Fund, for making good the deficiency of additional stamp-duties at Christmas, 1738, and for one year's interest to the Bank, on the salt-loan, to 8th September, 1739.

As the produce of the land-tax, at the rate to which it was now raised, would, with the malt-duty, have been but little more than sufficient to defray the peace-establishment, it was very inadequate to the

expenses of the war; consequently, £1,000,000 was granted out of the produce of the Sinking Fund towards the supply, and power was given to raise the farther sum of £200,000 upon the growing produce of the fund, by loans or exchequer-bills, at 3½ per cent. interest. In addition to these sums £88,722 : 7 : 10¼, being the overplus of the grants of the preceding year, was appropriated towards the supply; as was likewise £21,000 : 1 : 8½, remaining in the Exchequer from the sale of lands in St. Christopher's.

1740—The next session began the 18th November. The land-tax was continued at 4*s.* in the pound, with power to borrow the usual sums on this and the malt-duty, by loans or exchequer-bills, bearing interest not exceeding 4 per cent. The following sums were appropriated towards the supplies:

	£	*s.*	*d.*
Arrears of malt-duty 1739	2,275	14	11½
Surplus of the last year's grants	39,588	10	10¾
Arising from sundry surplusses	11,434	4	0

The deficiencies made good were as follows:

Of malt-duty 1739, at Lady-day, 1741	249,679	7	0
Of the General Fund for the year ending Michaelmas, 1740	2,625	4	3¾
For replacing to the Sinking Fund the deficiency of the additional stamp-duties at Christmas, 1739 .	5,021	10	1½
For ditto, paid the Bank for one year's interest, due 8th September, 1740, on the loan on the salt-duties, 1735	20,000	0	0
For ditto, for default of the duty on sweets, at Michaelmas, 1739	23,711	8	6

As the supplies voted in this session considerably exceeded those of the last, the following mode was adopted for raising the sums wanting. The salt-duties, which were already subject to two anticipations,* were granted for the farther term of seven years, from 25th March, 1746; and upon this distant provision the Treasury were empowered to borrow £1,200,000, by loans, or exchequer-bills, at 4 per cent. per annum, payable quarterly; so that £240,000 was to be paid for interest before the fund upon which it was charged became applicable to it. In addition to this loan, £1,000,000 was granted out of the produce of the Sinking Fund, for the service of the year; but lest, from the previous charges on the fund, this money should not come in so fast as it might be wanted, there was a clause in the act, enabling government to anticipate the growing produce at an interest of 3½ per cent.

1741.—In the next session, which began 1st of December, the land and malt taxes were continued as in the preceding year, with power to raise £2,750,000 thereon by loans, or exchequer-bills, at interest not exceeding 3½ per cent. The sums paid for deficiencies were as follows:

	£	s.	d.
Malt-duty 1740, at Lady-day, 1742	285,110	9	9
Land-tax 1740, at Michaelmas, 1742	81,568	7	3
General Fund, at Michaelmas, 1741	58,737	11	2¾

* See page 181.

	£.	s.	d.
Grants for the year 1741	263,731	17	7
To replace to the Sinking Fund the deficiency of additional stamp-duties at Christmas, 1740	4,048	14	7
To ditto, for half year's interest, due 8th of March, 1740, on salt-loan 1735	10,000	0	0
To ditto, for half a year's interest, due 5th November, 1741, on £1,200,000 borrowed on the salt-duties, 1741	21,000	0	0
To ditto, for deficiency of duties on sweets, at Michaelmas, 1741	27,850	1	2½
To ditto of the duty on victuallers, at Michaelmas, 1741	19,018	4	11

The supplies for this year exceeded all preceding years since the war of Queen Anne's reign, and the provisions for raising the same, in addition to the land and malt taxes, were as follows: £1,000,000 was granted out of the Sinking Fund, to be raised by loans or exchequer-bills at 3½ per cent. interest, upon credit of the growing produce of the fund. £800,000 to be raised by annuities, at 3 per cent. from 24th June, transferable at the Bank and charged upon the Sinking Fund. The allowance to the Bank for receiving the subscriptions, which, on similar occasions, had hitherto been at the rate of £805 : 15 : 10 per million, was on this loan £500, being at the rate of £625 per million. The Treasury

In February, 1742, upon the termination of Sir Robert Walpole's long administration, Mr. Sandys was appointed one of the Lords of the Treasury and Chancellor of the Exchequer, and Lord Wilmington First Lord of the Treasury.

were also to allow them, out of the Sinking Fund, £450 per annum for management. The sum paid as discount to the contributors was £7,677 : 7 : 3.

As the term to which the Bank-charter had been extended, by the act of 12 Anne, was just expiring, a new agreement was entered into with the Company, who were to advance £1,600,000, without interest, towards the supply for the service of the year 1742, and were empowered to enlarge their capital by creating new stock to the same amount. The loan was to be advanced on or before 25th December, 1742, at such times and in such proportions as the Treasury should direct, provided the Bank should not be required to pay more than £400,000 at a time, nor without having one month's notice before each payment: however, the Company paid up the greater part of it before the stipulated time, and were allowed £39,115 : 1 : 2 for discount. By the act, passed for establishing this agreement, it was declared, that the acts of 7 and 12 Anne, and all other acts for determining the corporation, should be void; and that the Company should remain a body corporate and politic *for ever*, subject to the restrictions and agreements contained in the acts and charters then in force.

1742.—The next session began the 16th November, in which the land and malt taxes were continued as in the preceding year, with the usual loans thereon at 3 per cent. The deficiencies made good were :—

	£	s.	d.
Malt-duty 1741, at Lady-day, 1743	134,063	17	10¾
Land-tax 1741, at Michaelmas, 1743	121,078	16	8½
General Fund for one year, ending Michaelmas, 1742	58,869	15	7¾
For replacing to the Sinking Fund the deficiency of the additional stamp-duties, at Christmas, 1741 .	3,819	0	2
Ditto one year's interest on loan on salt-duties 1741 .	42,000	0	0
Ditto for deficiency of duty on sweets, at Michaelmas, 1742	13,786	10	11½
Ditto for deficiency of duty on victuallers, at Michaelmas, 1742	4,333	10	1

The supplies voted in this session exceeded those of the last; and the following ways and means were adopted for raising them. The high duties which had been imposed on spirituous liquors in 1736,* in order to restrain the use of them, were now repealed, on account of the great encouragement they had given to smuggling; and lower duties were granted in their place, from 25th March, 1743; upon which £1,000,000 was to be borrowed, by exchequer-bills, at 3 per cent. but, as the sum of £481,400 was outstanding of the £500,000 borrowed by exchequer-bills on the duty on victuallers, (established by the *Pot-act* of 1726,† which was now repealed,) these bills were to be discharged out of the million to be raised on the new duties. The farther sum of £1,000,000 was borrowed on 3 per cent. annuities, and £800,000 on a lottery, at £10 a ticket, attended

* See page 183. † See page 147.

with the like 3 per cent. annuities, charged upon the new duties on spirituous liquors: this loan was attended with an expense of £13,400 for allowance to the Bank for receiving contributions, drawing the lottery, &c. To these sums were added, the grant of £1,000,000 from the Sinking Fund, with power to borrow the same at 3 per cent. by loans or exchequer-bills upon the growing produce.

The current rate of interest on private securities at this time being not more than 4 per cent. a scheme was suggested for reducing the *legal* rate of interest to 4 per cent. and the interest on such part of the public funds as carried 4, to 3 per cent. with the privilege of non-redemption for 14 years on the greater part of the public debt. The proposal engaged a great deal of attention; it was generally disapproved of in the city, and the bill brought in was not passed. The condition of non-redemption was objected to by many advocates for the reduction, as leaving too small a part of the debt to be paid off during the 14 years; so that, at the end of the term, the principal of the debt would have been nearly the same, though attended with a less annuity; and the application of the Sinking Fund to the supplies would become in the mean time not a matter of convenience but of *necessity*, from the want of redeemable debts to discharge. There would, also, have been but little hope of its being given up at the end of the term for the purposes for which it was intended. Whatever ground there might be for these objections, it will hereafter appear that little incon-

venience would have resulted from the condition of non-redemption, as far as related to the disposition of the Sinking Fund, since the ministry had for some years been permitted to apply it towards the current services, and it was too commodious a resource to be given up. With respect to the capital of the debt remaining nearly the same, there are few of those who made the objection but would, at the end of the 14 years, have wished their apprehension verified.

1743.—The supplies voted in the session, which began 1st December, again exceeded those of the preceding year: the land-tax was therefore continued at 4*s.* in the pound, with the usual malt-duty; the interest of the loans thereon not to exceed 3 per cent. The deficiencies made good were:—

	£.	s.	d.
Malt-duty 1742, at Lady-day, 1744	142,600	2	7¾
Land-tax 1742, at Michaelmas, 1744	89,401	17	5
Grants for the year 1743	119,934	4	4½
General Fund at Michaelmas, 1743	55,827	16	3½
For replacing to the Sinking Fund the deficiency of the additional stamp-duties, 1742	4,392	19	5
Ditto one year's interest on loan on salt-duty 1741 .	42,000	0	0
Ditto deficiency of duty on victuallers, Midsummer, 1743	8,295	9	1
Ditto deficiency of duties on sweets, Michaelmas, 1743	13,870	7	0

Upon the formation of a new ministry, in August, 1743, the Hon. Henry Pelham was appointed First Lord of the Treasury and Chancellor of the Exchequer.

As the new duty on spirituous liquors, notwithstanding it had been much evaded, had produced considerably more than the charge upon it, and as one year's experience was thought sufficient to ascertain its future amount, the surplus was made a fund for borrowing a farther sum: an agreement was accordingly entered into with the East-India Company, who, at a general court, held 2d February, agreed to advance, for the use of government, £1,000,000, at 3 per cent. per annum, on condition of having the term of their charter extended. By the act passed for this purpose their former annuity of £128,000 on their capital of £3,200,000, together with the new annuity of £30,000 on the million now to be advanced, were made irredeemable till after a year's notice, to be given from Lady-day, 1745. Their exclusive privilege of trading to the East-Indies, (which, by the agreement of the year 1730, was determinable upon three years notice being given after Lady-day, 1766,) was continued for the farther term of 14 years, then to determine upon three years notice being given by parliament at any time after 25th March, 1780, and upon re-payment of the £4,200,000 with all arrears of interest. The surplus of the new duties was likewise made a fund for borrowing the farther sum of £1,800,000, viz. £1,200,000 by annuities at 3 per cent. with a premium of 3 per cent. paid out of the purchase-money; and £600,000 by a lottery of 60,000 tickets at £10 each, attended with like 3 per cent. annuities

so that, including the loan of last session, the new duties on spirituous liquors and licences were now charged with the interest of £5,600,000.

To these sums must be added, pursuant to the system now fully established, the grant of £1,000,000 from the Sinking Fund, with the usual power of raising the same by loans or exchequer-bills, at 3 per cent. charged upon the growing produce of the fund.

1744.—The object of the war was considerably changed when the next session commenced, 17th November; or rather it was carried on without a determinate object, and consequently the mode in which it was to be prosecuted varied with circumstances. The army-estimates, (though the number of British troops was increased) were less than for the last year, yet the total amount of the supplies was nearly the same; it was consequently necessary to raise an equal sum in addition to the ordinary revenue of land and malt. The land-tax* was continued at 4*s*. with power to borrow the usual sum of £2,750,000 upon this and the malt-duty, by loans or exchequer-bills at 3½ per cent. interest.—£21,244 13 : 8¾ surplus of malt-duty for 1743 was appropriated towards the supplies. The deficiencies made good were as follows:—

* The land-tax act contained the usual clause, that such part of the produce of the Sinking Fund as was not already appropriated should be applied to the discharge of the National Debts, incurred before the 25th December, 1716.

	£.	s.	d.
Land-tax 1743, at Michaelmas, 1745	127,252	16	8½
Grants for the year 1744	177,421	18	3½
General Fund for the year ending March, 1744	65,265	13	5½
For replacing to the Sinking Fund the deficiency of additional stamp-duties at Christmas, 1743	5,095	8	8
Ditto for deficiency of duty on sweets, at Michaelmas, 1744	13,957	19	2½

As the supplies voted required grants equal in amount to those of the last session, the salt-duties, which were already granted to 25th March, 1753, were farther continued to 25th March, 1759; and upon this remote anticipation, the Treasury were empowered to borrow £1,000,000, at 3½ per cent. interest, payable at the Exchequer, and to commence from Lady-day, 1745,* although the last payment of the subscription was not to be made till the following November. By another act, for laying additional duties upon all wines imported, the farther sum of £2,000,000 was raised, viz. £1,500,000 on annuities at 3 per cent. from 25th March, payable at the Bank, and £500,000 by a lottery of 50,000 tickets, at £10 each. Every subscriber of ten tickets to have an additional annuity of £4 : 10 for his own life or that of any other person he should nominate, commencing from 24th June, 1745, and amounting in the whole to £22,500. The expenses attending this loan in allowance to the Bank for receiving the

* The contributors were divided into ten classes, and the course of payment was determined by lot.

money, drawing the lottery, &c. amounted to £16,400.

The produce of the Sinking Fund had decreased, though not very considerably, since the commencement of the war. As the balance remaining after making good the charges upon it for the last year was very small, and as the interest of the new loan on the salt-duties was now to be paid out of it, it was thought proper to grant only £800,000 from it, towards the supplies for the current year, with power to borrow the money at 3½ per cent. upon credit of the growing produce of the fund.

The alarm occasioned by the Pretender landing in Scotland had a considerable effect upon the public funds; 3 per cents. which in May had been upwards of 93, fell towards the end of September to 84¼; at the same time, the alarm having caused a great run upon the Bank, the principal stock-holders and merchants met, on the 26th September, and came to the following agreement: "We, the undersigned mer-"chants and others, being sensible how necessary the "preservation of public credit is at this time, do "hereby declare, that we will not refuse to receive "bank-notes in payment of any sum of money to be "paid to us. And we will use our utmost endeavours "to make all our payments in the same manner." These resolutions were signed by 1140 persons, by five o'clock the next afternoon.* As a farther means

* *Gentleman's Magazine*, vol. xv. page 500.

of supporting the credit of paper-currency, the East-India Company declared that they would take in their bonds at par, in payment for goods bought at their sales; but, as this was a measure taken by the Company chiefly for the support of their own credit, it was not attended with so much effect as the former, and their bonds, which at this time were at 10*s*. discount, were afterwards much lower.

1745.—The progress of the rebellion in Scotland rendered it necessary to assemble the parliament rather earlier than usual; they accordingly met on the 17th October; and, as there was now a greater necessity for increasing the forces, the supplies voted were of course greater than those for the last year. The land-tax was continued at 4*s*. in the pound, and a loan upon it was opened at the Exchequer; but, as it was found impossible to obtain the usual sum thereon from individuals at interest "not exceeding "4 per cent." an agreement was entered into with the Bank, who engaged to advance *one million* at 4 per cent. upon the land and malt duties, on condition that not more than £250,000 should be demanded at a time; and that, previous to each payment, they should have a fortnight's notice. They also agreed to deliver up, to be cancelled, all the exchequer-bills then outstanding, which had been issued under the acts for imposing new duties on spirituous liquors, in 1743, amounting to £986,800, for which they were to have an annuity of £39,472, (being at the rate of 4 per cent.) with power to add the like sum of £986,800 to their capital stock, if they thought

proper. The deficiencies made good in this session were as follows:

	£	s.	d.
Malt-duty 1744, at Lady-day, 1746	163,260	14	8
Land-tax 1744 at Michaelmas, 1746	146,399	12	6¼
Grants for the year 1745	11,950	2	9¼
General Fund for one year, ending Michaelmas, 1745 .	49,252	18	9
For replacing to the Sinking Fund the deficiency of additional stamp-duties, at Christmas, 1744	8,367	9	10
Ditto of duty on sweets, Michaelmas, 1745 . . .	13,793	3	5
Ditto for half a year's interest, due Michaelmas, 1745, on the last year's loan on the salt-duties	17,500	0	0

As the duties on spirituous liquors had been found very productive, additional duties were now granted; which, with new duties on glass, were made a fund for borrowing the sum of £3,000,000,* viz. £2,500,000 on 4 per cent. annuities, commencing from 25th March, 1746; and £500,000 by a lottery of 50,000 tickets at £10 each, attended with 4 per cent. annuities from 25th December, 1746. Every contributor of £100 for 10 tickets to have, in addition to the interest of 4 per cent. an annuity of £9 during his own life or any other life he should nominate before the 25th December, 1746, amounting in the whole to £45,000 per annum. Annuities on young lives were known to be worth 16 years purchase, and it has since appeared that the lives nominated were worth more; so that on this loan a bonus of at least £720,000 was given to the subscribers besides

* The stock created by this loan now forms a part of the 3 per cent. Reduced Annuities.

the profits of the lottery, which may be reckoned at 15*s.* per ticket: it was attended with a charge of £14,414 : 9 : 6 for expense of receiving the subscriptions and drawing the tickets. The contributions to the £2,500,000 were to be made in seven payments, the last on the 20th December; and, as it was not then thought proper actually to *pay* interest on a loan before the whole money was advanced, the first payment of interest was to be for *three quarters* of a year, to 25th December.

In addition to the above sums, £1,000,000 was granted out of the Sinking Fund, with power to borrow the same at 4 per cent. upon credit of the growing produce; which was a very necessary clause, as there was little probability of the fund producing so much in this year. His Majesty was likewise empowered to raise the farther sum of £500,000 by loans or exchequer-bills at 4 per cent. to be paid out of the next supplies, or if no supplies should be voted before Midsummer, 1747, to be then paid out of the *Sinking Fund.*

1746.—The next session began 18th November;

On 10th February, 1746, the Duke of Newcastle and Lord Harrington resigned; and also, on the following day, Mr. Pelham, Lord Hardwicke, Lord Pembroke, Mr. Legge, Mr. George Grenville, and several others. They were, however, all re-instated on the 14th February, and succeeded in their principal object, the introduction of Mr. Pitt, who was made a Vice-Treasurer of Ireland. In May following, Mr. Pitt was appointed Paymaster of the Forces, in which situation, he gave a proof of his integrity by placing whatever money belonged to the office in the Bank, where it might be always ready

the land-tax was continued at 4*s.* in the pound, with the usual malt-duty, and the interest upon the anticipation thereof to be at 4 per cent. £112,508 19 : 2 surplus of the duty on spirituous liquors was appropriated towards the supply for 1747. The deficiencies made good were as follows: viz.

	£.	s.	d.
Malt-duty 1745, at Lady-day, 1747	192,296	13	7¼
Land-tax 1745, at Michaelmas, 1747	143,867	15	5¾
Grants for the year 1746	135,378	4	7
General Fund for one year, at Michaelmas, 1746	10,211	5	3¼
Deficiences of civil-list revenues in seven years, ending at Midsummer, 1746	456,733	16	3¾
To replace to the Sinking Fund the deficiency of the additional stamp-duties, at Christmas, 1745	7,978	8	4
Ditto duty on sweets, at Michaelmas, 1746 . . .	13,910	0	5½
Ditto interest for one year, to Michaelmas, 1746, on a million borrowed on salt-duties in 1745	35,000	0	0
Ditto for deficiency of additional duties on wines, at Midsummer, 1746	49,693	17	9½
Deficiency of duty on licences for retailing spirituous liquors, at Lady-day, 1746	16,670	11	1¼
Ditto of additional duties on wines, at Christmas, 1746 .	1,421	11	2½
Ditto of duties on glass and spirituous liquors, at Christmas, 1746	58,233	1	11
Ditto of half subsidy of tunnage and poundage, at Christmas, 1746	85,968	12	3¾
Ditto of the surplus of the fund for the lottery 1714, at Christmas, 1746	38,648,	5	2¼

for the public service, instead of retaining £100,000 in his hands, as most of his predecessors had done, by the use of which, they might make £3,000 or £4,000 per annum beyond the legal appointment.

The supplies voted, including these sums, very considerably exceeded the preceding years of this war; of course, loans to a considerable amount were necessary; and, in order to provide a fund for this purpose, new duties on houses and windows were imposed, to commence from Lady-day, 1747, and upon credit of which, £4,000,000* was borrowed at 4 per cent. with an additional capital of £10 for every £100, bearing the same interest. The annuity was to commence from Michaelmas, 1747, and, if the fund established proved deficient, it was to be made good out of the next supplies; but, if no supplies should be granted within six months, then out of the *Sinking Fund.*

A farther loan of £1,000,000 was raised by a lottery of 100,000 tickets, at £10 each, attended with 4 per cent. annuities from Midsummer, 1747, charged upon new duties on coaches and other carriages, with the collateral security of the Sinking Fund, as in the above loan. In this lottery, only 50,000 tickets were printed, the drawing of which determined the corresponding tickets of the other 50,000. The money was advanced in four pay-

* The subscription was opened on 12th December, for four million; but, in less than four hours, six million was subscribed, and many more persons came after the subscription was closed. *Gentleman's Magazine*, vol. xvi. page 667. It must be remembered that the rebellion was now over, and that the terms offered to the subscribers were very advantageous, which accounts for the difference between this and the last year, when it was found impracticable to raise a million by public subscription at 4 per cent.

ments of 25 per cent. each. The allowance to the Bank for receiving the subscriptions to the two loans, with the charge of drawing the lottery, was £15,805 : 15 : 10.

To the above sums must be added, what was now become a matter of course, the grant of £1,000,000 from the Sinking Fund, with power to raise the same by loans or exchequer-bills at 4 per cent. and, as the £500,000 charged upon the supplies of this year, in the last session, was of course made good, together with £16,375 : 12 : 9 for interest thereon, his Majesty was empowered to raise the farther sum of £500,000 by exchequer-bills at 4 per cent. interest; to be re-paid out of the first supplies granted after Michaelmas, 1747, or if no supplies should be granted, then out of the Sinking Fund.

1747.—In the next session, which was the first of a new parliament, and met 10th November, the land and malt taxes were continued as in the last year, with power to borrow the usual sums thereon at 4 per cent. The supplies voted were greater than in any former year, and included the following sums for deficiencies:

	£.	s.	d.
To replace to the Sinking Fund one year's interest to Michaelmas, 1747, on £1,000,000 borrowed on the salt-duties 1745	35,000	0	0
Ditto for deficiency of additional stamp-duties at Christmas, 1746	7,118	5	
Ditto of licences for retailing spirituous liquors, at Lady-day, 1747	16,362	8	5
Ditto of additional duties on wines, at Midsummer, 1747 .	29,765	19	5

	£.	s.	d.
Ditto of duties on glass and spirituous liquors, at Midsummer, 1747	34,177	7	3½
Ditto of duties on sweets, at Michaelmas, 1747 .	13,660	18	6
Deficiency of last year's grants	571,827	18	7
Ditto of duties on glass and spirituous liquors, at Christmas, 1747	39,846	11	7½
Ditto of malt-duty 1746, at Lady-day, 1748 . . .	181,756	10	2¼
Ditto of land-tax 1746, at Michaelmas, 1748 .	159,727	1	1¼

In this session, as well as in the last, £1,000,000 was granted towards paying off the debt of the navy; notwithstanding which, it remained very considerable, as will appear in the following year.

The fund established for the loan of this year was an additional subsidy of poundage upon all goods imported after 1st March, 1747, at the rate of 5 per cent. *ad valorem;* upon which, the sum of £6,300,000* was borrowed on redeemable annuities, at 4 per cent. from Michaelmas, 1748, with a £10 lottery-ticket, entitled to £10 stock, bearing interest after the same rate. The money was to be advanced by ten instalments of 10 per cent. each, and those who paid in the whole before any of the respective days of payment were allowed interest at 5 per cent. per annum, from the day of payment, to Michaelmas, 1748; but, many of the subscribers, so far from being able to avail themselves of this advantage, found themselves unable to make good their payments at

* The subscription for this loan was opened November 14th, 1747, at the Treasury, and at Sir John Barnard's, in Birchin-Lane: a much larger sum than was required was very soon subscribed.

the times stipulated, without disposing of some of their scrip, which could not be done except at a great loss, it being at a considerable discount.* Parliament therefore thought proper to grant them relief by introducing clauses in a subsequent act of the same session; by which the fifth and sixth payments, which were to have been made on 22d April and 24th May, were postponed to 22d October and 24th November; the other payments, however, to remain as before fixed. The subscribers were to allow interest at 4 per cent. from Michaelmas, 1748, to the time of paying the sums thus postponed. The allowance of interest to the subscribers who made pompt payment amounted to £134,858 : 12 : 11, and the expense of receiving the subscriptions and drawing the lottery was £17,930. In addition to this, £1,000,000 was granted from the Sinking Fund,

* The magnitude of the loan may have been one reason for this; but it is also suspected that it arose in a great measure from the ministry having reserved it for their particular friends; many of whom, encouraged by the profit that had been made on the last year's subscription, readily subscribed for larger sums than they were able to complete, by which the moneyed men in the city were disappointed, and did all in their power to discountenance it. See *The History of our National Debts and Taxes,* part iv. page 152. Notwithstanding this, it sold at first from ½ to 1 per cent. premium, and continued so till within a few days of the second payment, when it got to par, and, on the 25th January, to ¼ per cent. discount. From that time it continued falling, so that, on the 23d March, the day before the third payment, it was at 17 per cent. discount, though many of the subscribers had made great exertions to make good their payment.

with the usual power of borrowing the money at 4 per cent. upon credit of the growing produce. The sum of £500,000, raised upon the vote of credit of the last session, was of course made good, with £4,809 : 16 : 11 for interest thereon.

The king's speech, on concluding this session, communicated the information of the preliminaries* of a general peace having been signed, which put an end to this expensive war, in the course of which, £9,000,000 had been taken from the Sinking Fund, and £26,018,600 raised by continuing or perpetuating taxes, viz.

	Sinking Fund.	Loans.
1740	£1,200,000	
1741	1,000,000	£1,200,000
1742	1,000,000	2,400,000
1743	1,000,000	2,318,600
1744	1,000,000	2,800,000
1745	800,000	3,000,000
1746	1,000,000	3,000,000
1747	1,000,000	5,000,000
1748	1,000,000	6,300,000
	£ 9,000,000	£ 26,018,600

* The preliminaries were signed on the 19th April, and proclamation for a cessation of arms was made in London on the 9th May.

The following is a Statement of the Amount of the National Debt, together with the Sums borrowed and paid off during each year of the War.

	Capital.			Increased by loans.	Paid off.		
	£.	s.	d.	£.	£.	s.	d.
Dec. 31, 1741	47,956,146	3	5¼	2,400,000	441,098	6	8
——— 1742	49,915,047	16	9¼	2,800,000	671,700	0	0
——— 1743	52,043,347	16	9¼	2,800,000	164,100	0	0
——— 1744	54,679,247	16	9¼	3,000,000	153,800	0	0
——— 1745	57,525,447	16	9¼	3,000,000	168,950	0	0
——— 1746	60,356,497	16	9¼	5,400,000	162,700	0	0
——— 1747	65,593,797	16	9¼	6,930,000	183,400	0	0
——— 1748	72,340,397	16	9¼				

As the definitive treaty was not signed till 18th October, 1748, many of the war-expenses remained, of course, to be provided for in the next session.

CHAPTER VIII.

The History of the National Debt, from the Peace of Aix-la-Chapelle in 1748, *to the Commencement of the Seven Years War in* 1756.

AS the supplies for 1749 necessarily exceeded a peace-establishment, the land-tax was continued at 4*s*. in the pound, and the interest of the anticipation of both the land and malt taxes was again fixed at 4 per cent. The deficiencies made good were as follows:

	£.	s.	d.
To replace to the Sinking Fund one year's interest to Michaelmas, 1748, on £1,000,000 borrowed on the salt-duties in 1745	35,000	0	0
Ditto deficiency of additional stamp-duties, at Christmas, 1747	7,180	5	8
Ditto of licences for retailing spirituous liquors, at Lady-day, 1748	9,308	7	4
Ditto of additional duty on wines, at Midsummer, 1748	15,297	11	5½
Ditto of duty on sweets, at Michaelmas, 1748 .	13,827	12	6
Ditto of duties on glass and spirituous liquors, at Midsummer, 1748	33,804	13	1½

	£.	s.	d.
Ditto of new duties on houses and windows, at Michaelmas, 1748	28,268	15	5¾
Deficiency of additional duty on wines, at Christmas, 1748	1,462	6	10
Ditto of duties on glass and spirituous liquors, at Christmas, 1748	41,822	10	5
Ditto of grants, for the year 1748	470,186	9	6¼
Ditto of new duties on houses and windows, at Lady-day, 1749	31,060	16	0½
Ditto of malt-duty 1747, at Lady-day, 1749 . .	119,861	17	0¼
Ditto of land-tax 1747, at Michaelmas, 1749 .	146,447	11	8

As the navy-debt, notwithstanding the grants of a million in the last two years towards payment thereof, had become too considerable to be paid off in the usual course, the plan of funding the principal part of it was adopted. An act was accordingly passed for converting into 4 per cent.* perpetual redeemable annuities, bills payable in the course of the navy and victualling offices, and for transports, which were made out between 1st January, 1747, and 31st December, 1748, to the amount of £3,000,000; and ordnance-debentures made out on or before the 31st December, 1748, amounting to £230,382 : 5 : 1. Many of these debts carried 5 per cent. interest, and what was due thereon to 25th March, 1749, was added to the principal and converted with it into

* On the 20th March, 1749, when the House passed the resolutions for this purpose, 4 per cents. 1746 were 101½, and 4 per cents. 1748, 102¼: they had been about these prices for several weeks.

stock. The interest on the capital of £3,072,472 0 : 10, which was thus created, was charged upon the Sinking Fund, in direct contradiction to the usual clause of the malt-duty act, which had been continued in that of the present session, directing "That "the moneys of the Sinking Fund that were unap-"propriated should go to the discharging the Na-"tional Debts incurred before 25th December, 1716, "in such manner as should be directed by parlia-"ment, *and to no other use.*"

The ways and means for raising the supplies, in addition to the land and malt taxes, were £1,000,000, to be taken out of the surplus of the Sinking Fund, with the usual power of raising the same on exchequer-tallies, bearing 4 per cent. interest, payable quarterly; and £1,000,000 to be raised by exchequer-bills issued at any time before 25th December, 1749, to bear interest not exceeding 4 per cent. per annum, and charged upon the first supplies granted after 29th September, 1749; but, if no supplies should be granted before Midsummer 1750, to be then charged upon the Sinking Fund.

1749.—The king, in his opening speech, November 16th, particularly recommended to the commons the reduction of the National Debt: and they, in their address, thanked his Majesty for recommending this subject to them, as an object worthy of their most serious attention; and gave assurances that they would apply themselves with all possible diligence "to "find out the properest means to accomplish so "great and necessary a work, with the strictest re-

" gard to public faith and private property." Accordingly, on the 23d November, the house resolved that they would, on the Tuesday following, take into consideration that part of the king's speech which related to the National Debt: and an account was ordered to be laid before the house of that part of the Debt which carried 4 per cent. interest; which included the greater part, as will appear from the following statement.

Amount of the National Debt, 31st December, 1749.

	£.	s.	d.
Annuities for long terms, remainder of original sum unsubscribed	1,836,275	17	10¾
Annuities for lives, with benefit of survivorship, original sum	108,100	0	0
Annuities for two and three lives, remaining after what is fallen in	95,814	1	6¾
Annuities on plate-act (6 Geo. I. c. 12.) . .	312,000	0	0
3 per cent. annuities, in lieu of Nevis and St. Christopher's debentures	37,821	5	1¼
3½ per cent. annuities, 1731	400,000	0	0
3 per cent. annuities, 1736, charged on Sinking Fund	600,000	0	0
Ditto 1738, charged on ditto	300,000	0	0
Loan on salt-duties 1741	238,400	0	0
Ditto continued, 1745	1,000,000	0	0
Exchequer-bills for interest of old bills exchanged .	2,200	0	0
East-India Company's capital, at 4 per cent.	3,200,000	0	0
Carried forward	£ 8,130,611	4	6¾

	£.	s.	d.
Brought over........£	8,130,611	4	6¾
Ditto annuities at 3 per cent. 1744.....	1,000,000	0	0
Bank original fund................	3,200,000	0	0
Ditto for cancelling exchequer-bills, 3 Geo. I. at 4 per cent..................	500,000	0	0
Ditto purchased of the South-Sea Company, at 4 per cent.................	4,000,000	0	0
Ditto exchequer-bills on duty on sweets, 1737	499,600	0	0
Ditto 4 per cent. annuities 1728......	1,750,000	0	0
Ditto 4 per cent. annuities 1729......	1,250,000	0	0
3 per cent. annuities for lottery 1731....	800,000	0	0
3 per cent. annuities 1742..........	800,000	0	0
3 per cent. annuities 1743..........	1,800,000	0	0
3 per cent. annuities 1744..........	1,800,000	0	0
3 per cent. annuities 1745..........	2,000,000	0	0
4 per cent annuities 1746..........	3,000,000	0	0
4 per cent. annuities 1746 to the Bank...	986,800	0	0
4 per cent. lottery 1747............	1,000,000	0	0
4 per cent. annuities 1747..........	4,400,000	0	0
4 per cent annuities 1748..........	6,930,000	0	0
4 per cent. annuities 1749, for navy &c. bills funded................	3,072,472	0	10
South-Sea capital..............	27,302,203	5	6½
	£ 74,221,686	10	11¼
This total of the debt is agreeable to the statements laid before parliament; to which must be added the 3 per cent annuities 1726..................	1,000,000	0	0
Also, the life-annuities granted on the loans of 1745 and 1746, now £64,798, which, valued at 14 years puschase, makes...	907,172	0	0
	£ 76,128,858	10	11¼

The land-tax was reduced to 3 *s.* in the pound, with the usual clause for borrowing any sum not exceeding £1,500,000 by loans or exchequer-bills, at interest not exceeding *three* per cent. per annum, payable quarterly. The malt-duty as usual. The deficiencies made good this year were as follows, viz.

	£.	s.	d.
For replacing to the Sinking Fund deficiencies of salt-duties 1745	35,000	0	0
Ditto, deficiency of additional stamp-duties at Christmas, 1748	5,183	17	8
Ditto of licences for retailing spirituous liquors, Lady-day, 1749	5,724	3	9
Ditto of additional duties on wines, at Midsummer, 1749	7,196	4	5½
Ditto of duty on sweets, at Michaelmas, 1749 .	13,361	10	1
Ditto of duties on glass and spirituous liquors, at Midsummer, 1749	21,564	2	10¼
Deficiency of ditto at Christmas, 1749	39,631	6	10¼
Ditto of the half subsidy of tunnage and poundage, mortgaged to the South-Sea Company in 1708, Christmas, 1749	94,655	7	4
Ditto of grants for the year 1749	275,736	5	5
Ditto of malt-duty 1728, at Lady-day, 1750 .	178,384	4	5½
Ditto of land-tax 1748, at Michaelmas, 1750 .	114,489	0	0¼

As the million raised in the last session upon credit of the supplies for this year was now to be repaid, with £30,570 : 7 : 5 for interest and charges thereon, it was found necessary to raise £1,000,000 on 3 per cent. annuities, commencing from Lady-day,

1750, which were charged upon the Sinking Fund. The first payment of the annuities to be for *three-quarters* of a year, from 25th March to 25th December, 1750, being only a week after the last instalment, which was then found sufficient advantage to get the subscription filled almost as soon as it was opened. In addition to this, £900,000 was granted out of the Sinking Fund, with the usual power of borrowing money at 3 per cent. and the surplusses of sundry duties remaining in the Exchequer, amounting to £118,526 : 10 : 3½ were appropriated towards the supplies for the current year.

As the influx of money since the peace had considerably lowered the current rate of interest,* the scheme, which had been several times projected, of reducing the interest of the public debts to 3 per cent. was now carried into execution. This measure had been recommended in the speech on opening the session; and, upon the House of Commons coming to several resolutions upon it, on 29th of November, books were immediately opened at the Exchequer, Bank, and South-Sea House, for receiving consents. By the act passed for this purpose, the interest was reduced on all the public debts redeemable by law, which then carried 4 per cent. viz.

* Three per cents. had for some months been above par; in October they were nearly the whole month above 102; four per cents. at the same time 107: in December, 1749, three per cents. fell under par, and 4 per cents. to about 103.

	£.	s.	d.
Annuities payable at the Exchequer, on the Plate-act .	312,000	0	0
Due to the Bank *	8,486,800	0	0
Annuities transferable at the Bank †	18,402,472	0	10
Due to the East-India Company ‡	3,200,000	0	0
South-Sea Stock and Annuities §	27,302,203	5	6½
Total, at 4 per cent.	£57,703,475	6	4½

* For cancelling exchequer-bills	500,000	0	0
Purchased of South-Sea Company	4,000,000	0	0
Advanced, 1728	1,750,000	0	0
Ditto, 1729	1,250,000	0	0
Exchequer-bills cancelled, 1746	986,800	0	0
	£8,486,800	0	0

† Four per cent. 1746	3,000,000	0	0
Ditto, Lottery, 1747	1,000,000	0	0
Ditto, 1747	4,400,000	0	0
Ditto, 1748	6,930,000	0	0
Ditto, 1749, for Navy-bills, funded	3,072,472	0	10
	£18,402,472	0	10

‡ It being afterwards discovered, that no part of this sum could be paid off without likewise paying off a proportional part of the £1,000,000, at 3 per cent. advanced in 1744, pursuant to 17 Geo. II. a resolution was passed for redeeming that million also.

§ South-Sea Stock	3,662,784	8	6
Old South-Sea Annuities	13,651,099	17	5
New ditto .	9,988,318	19	7
	£27,302,203	5	6

The companies and the proprietors, upon signifying their consent to the reduction on or before the 28th of February, 1750, were to have 4 per cent. to the 25th of December following; from that time 3½ per cent. till the 25th December, 1757, and afterwards 3 per cent. and no part of these debts, except that due to the East-India Company, to be liable to be redeemed till after the 25th December, 1757. Considering the number of the proprietors, and the various circumstances connected with a measure of this kind, the time allowed for receiving the consents certainly appears to have been too short; the limitation was, however, subject to such farther directions as should be given by the commissioners of the Treasury; and, before the end of the session, it was thought proper to pass a new act, (23 Geo. II. c. 22.) extending the time of subscription to 30th of May, 1750, on condition that the interest on the sums subscribed under this act should be reduced from 3½ to 3 per cent. on 25th December, 1755; but, as there were still some proprietors who, either from ignorance or a disapprobation of the measure, did not signify their consent, the following sums remained unsubscribed after the expiration of the limited time.

	£	s.	d.
Annuities payable at the Exchequer on the Plate-act	182,250	0	0
Annuities transferable at the Bank	844,226	4	6
Old and New South-Sea Annuities	2,325,023	7	11
	£ 3,351,499	12	5

1751.—One of the first things which occupied the attention of parliament, in the session which began 17th January, was, to provide the means of paying off such proprietors as had not signified their consent to the reduction of interest pursuant to the acts of the last session; and, as the principal part of the sums unsubscribed consisted of South-Sea Annuities, £2,100,000 was borrowed towards paying them off, on 3 per cent. annuities, charged on the Sinking Fund, and made transferable at the *South-Sea House*:* viz. £1,400,000 on annuities at 3 per cent. and £700,000 on lottery of 70,000 tickets, attended with like 3 per cent. annuities. The deposit on each, (10 per cent.) to be made on 15th March, 1751, and the first payment of the annuities to be computed from the respective times of paying the subscription to 25th December, 1751. The charges for receiving subscriptions, and drawing the lottery, amounted to £13,691 : 12 : 1. The Bank had agreed to advance the whole sum that would be wanting in addition to the loan for paying off the sums unsubscribed; but, as since this proposal £13,328 in Bank Annuities had been allowed to be subscribed, and £48,129 16 : 4 in Old and New South-Sea Annuities, the sums to be advanced amounted to £1,190,041 : 16 : 1

* The resolution of the committee of ways and means, respecting this loan, was agreed to by the house 21st February; on which day 3 per cents. were at 98¾, and had been about this price for some weeks past; on the 15th March they got up to 99, and on the 22th April to par, and continued so during the remainder of the year.

only, for which they were to have exchequer-bills, charged on the Sinking Fund, bearing 3 per cent. interest. The sum thus advanced, with the £2,100,000, raised by loan, were applied to discharge at par the following sums remaining unsubscribed, viz.

	£.	s.	d.
Annuities payable at the Exchequer, on the Plate-act	182,250	0	0
Ditto 1746, payable at the Bank	175,571	6	1
Ditto 1747, ditto	210,634	15	0
Ditto on lottery, 1747, ditto	70,723	9	6
Ditto 1748, ditto	269,993	1	9
Ditto, 1749, ditto	103,975	12	2
Old South-Sea Annuities	1,246,829	14	10
New South-Sea ditto	1,030,063	16	9
£	3,290,041	16	1

By an act of this session, (24 Geo. II. c. 11.) the South-Sea Company were to receive 4 per cent. interest on their capital stock till the 25th December, 1757, and from that time three per cent.

With respect to the grants for the year 1751, the land-tax was continued at 3*s.* in the pound, with power to borrow the usual sums upon both the land and malt taxes, at 3 per cent. The deficiencies made good were as follows, viz.

	£.	s.	d.
To replace to the Sinking Fund one year's interest to Michaelmas, 1750, on loan on the salt-duties 1745	35,000	0	0
Ditto, deficiency of additional stamp-duties, at Christmas, 1749	6,461	1	1

	£.	s.	d.
Ditto of licences for spirituous liquors, Lady-day, 1750	7,880	17	1
Ditto of duty on sweets, at Michaelmas, 1750	12,534	2	0½
Ditto of additional duties on wines, at Midsummer, 1750	4,592	16	9
Ditto of duties on glass and spirituous liquors, at ditto	30,422	6	3
Ditto of additional subsidy of poundage 1747, at Michaelmas, 1750	42,559	12	7½
Ditto of new duties on houses and windows, at ditto	70,097	14	8
Deficiency of grants for the year 1750	65,797	8	11¾
Ditto, malt-duty 1749, at Lady-day, 1751	74,482	19	3½
Ditto, land-tax 1749, at Michaelmas, 1751	147,487	0	6¼

As the deficiencies, annually made good out of the Sinking Fund, and afterwards replaced from the supplies, now amounted to a considerable sum; and as it was this year charged with the interest on the new loan and exchequer-bills, and with the discharge of the principal of the latter, only £600,000 was granted out of the Fund towards the service of the year, with the usual power of raising the same by exchequer-bills, at 3 per cent.

A few days before the conclusion of the session, a notice, (dated 15th June, 1751,) was published in the London Gazette, by the Speaker of the house of commons, pursuant to the resolution and order of the house, that the 3½ per cent. annuities, payable at the Exchequer by an act of 4 Geo. II. charged on the stamp-duties, would be redeemed and paid off on 10th October, 1752.

In the next session, which began the 14th of November, 1751, the land and malt taxes were continued as in the preceding year; the interest of the loans, or exchequer-bills, thereon being at 3 per cent. per annum.

The deficiencies made good were as follows, viz.

	£	s.	d.
To replace to the Sinking Fund the deficiency of additional stamp-duties, at Christmas, 1750	6,997	8	3
Ditto of licences for spirituous liquors, at Lady-day, 1751	5,431	6	4
Ditto of the 12s. per barrel on sweets, at Michaelmas, 1751	11,737	14	4½
Ditto of additional duties on wines, at Midsummer, 1751	24,102	19	5
Ditto of duties on glass and spirituous liquors, at ditto........................	52,969	1	7½
Ditto of duties on houses and windows, at Michaelmas, 1751	61,066	7	10¼
Deficiency of duties on spirituous liquors 1743, at Christmas, 1751	17,119	14	4½
Ditto of additional duties on wines 1745, at ditto........................	6,693	17	4
Ditto of duties on glass and spirituous liquors, at ditto	24,968	12	10½
Ditto of half subsidy of tunnage and poundage, at ditto........................	89,925	10	7
Ditto of Grants for the year 1751	54,751	5	5½
Ditto of malt-duty 1750, at Lady-day, 1752	122,833	10	11
Ditto of land-tax 1750, at Michaelmas 1752	93,522	5	0

The sum of £900,000 was granted towards discharging the navy-debt; together with £400,000 for paying off the 3½ per cent. annuities, created in

1731: and, as the exchequer-bills issued in the last session were now to be paid off, £1,400,000 was raised by new exchequer-bills,* at 3 per cent. charged on the Sinking Fund, in addition to £500,000 granted out of the Fund towards the supplies.

An act was now passed, which contributed much to simplify the public accounts, and removed the great inconvenience to stockholders, of having their property in many different funds; and, by reducing the number of accounts necessary to be kept, lessened the expense and trouble of management. By this act the following loans, bearing 3 per cent. interest, were consolidated into one joint stock of 3 per cent. annuities, and the duties upon which they were charged were carried to the Sinking Fund, out of which the annuities were made payable from the 24th June, 1752.

3 per cent. Annuities, Lottery	1731,	by 4 Geo. II. c. 9.	£ 800,000
Ditto	1742	15 Geo. II. c. 19.	800,000
Ditto	1743	16 Geo. II. c. 13.	1,800,000
Ditto	1744	17 Geo. II. c. 18.	1,800,000
Ditto	1745	18 Geo. II. c. 9.	2,000,000
Ditto	1750	23 Geo. II. c. 16.	1,000,000
			£ 8,200,000

The proprietors of 3 per cent. annuities, payable at the Exchequer on £600,000, borrowed in 1736,

* This sum the Bank, at a general court, held 2d January, 1752, agreed to advance, and their proposal was accepted by the house of commons on the 27th.

and £300,000, borrowed in 1738, charged on the Sinking Fund; and the proprietors of 3 per cent. annuities, granted in lieu of Nevis and St. Christopher's debentures,* amounting to £37,821 : 5 : 1¼, were allowed to subscribe the same into the joint stock created by this act, which sums, amounting together to £9,137,821 : 5 : 1¼, formed the first capital of the present stock of *Three per cent Consolidated Annuities.*

	£	s.	d.
* The debentures were granted in 1711; and, in 1714, the interest thereon being three years in arrear, was paid, amounting to £18,540 12 : 9. In 1722, the interest being again in arrear for *seven* years, amounting to £41,731 19 : 1½, was added to the principal and converted into stock, bearing 3 per interest, which made the whole sum equal to	141,093	15	1¼

In 1727, £103,272 : 10 : 0 was granted towards their discharge, which was paid out of the Sinking Fund, as follows:

	£	s.	d.	£	s.	d.
In 1727	£72,559	14	0	103,272	10	0
1728	16,678	19	3½			
1729	3,382	7	0			
1730	10,561	9	8½			
				£ 37,821	5	1¼

It may be remembered, that in 1733, £80,000 was granted as a marriage-portion to the Princess Royal, and £10,000 to the trustees of Georgia, out of the moneys arising from the sale of lands in St. Christopher's, part of which would certainly have been applied with more propriety to the payment of the above small sum.

By the same act, the capitals of the late 4 per cents, which had been reduced by paying off such proprietors as had not consented to the reduction of interest, were likewise consolidated into a joint stock, viz.

	Original Amount.			Present Amount.		
	£	s.	d.	£	s.	d.
Annuities 1746	3,000,000	0	0	2,824,428	13	11
1747	4,400,000	0	0	4,189,365	5	0
1747	1,000,000	0	0	929,276	10	6
1748	6,930,000	0	0	6,660,006	18	3
1749	3,072,472	0	10	2,968,496	8	8
	£ 18,402,472	0	10	17,571,573	16	4

Of this sum £14,857,955 : 18 : 4 was subscribed, pursuant to the first act of 1750, and was therefore entitled to 3½ per cent. interest to 25th December, 1757; the remainder, £2,713,617 : 18 : 0, being subscribed under the second act, carried 3½ per cent. to 25th December, 1755, only; the two subscriptions were, therefore, erected into separate joint stocks, till 5th April, 1758, from which time they were united. The duties on which the annuities were charged were to be carried into and made part of the Sinking Fund, out of which all future payments of interest were to be made. The proprietors of annuities, payable at the Exchequer on the plate-act, of which there now remained £129,750, were allowed to subscribe the same into the joint stock, which, therefore, amounted in the whole to £17,701,323 16 : 4, being the original capital of the present stock

of *Three per cent. Reduced Annuities*. The interest and management on the joint stock of 3 per cent. annuities, amounted to £278,585 : 2 : 9 per annum, and on the 3½ per cent. to £629,430 : 6 : 9 per annum.

This measure had considerable effect in raising the value of the 3 per cents. which were above par the whole of this year; in June they were as high as 106½, at which time the late 4 per cents. which carried 3½ per cent. for several years were 107⅝; Old and New South-Sea Annuities 108½.

1753.—In the next session, which began 11th January, the land-tax was reduced to 2*s.* in the pound, though it was evident that even at 3*s.* it was inadiquate to the peace-establishment, without the assistance of the Sinking Fund; but the landed interest preferred immediate relief to every other consideration.

The deficiencies made good were as follows, viz.

	£	s.	d.
To replace to the Sinking Fund the deficiency of aditional stamp-duties at Christmas, 1751 ..	7,916	19	11
Ditto of duties on spirituous liquors, at Lady-day, 1752	749	3	3½
Ditto of duties on sweets, at Michaelmas, 1752	9,846	3	3½
Deficiency of malt-duty 1751, at Lady-day 1753	193,125	14	0½
Ditto, land-tax 1751, at Michaelmas, 1753 ..	83,866	15	5

Hence it appears, that the measures lately taken had much shortened the list of deficiencies to be provided for; and, there being now the sum of £234,875 : 19 : 3½ remaining in the Exchequer,

arising from surplusses of several duties, and £18,035 : 9 : 0¾ overplus of the grants for 1752, these sums were appropriated towards the service for this year.* £420,000 was also granted out of the produce of the Sinking Fund.

The salt-duties, which had been continued to the 25th of March, 1759, were now made perpetual; and, after the principal and interest of the last loan thereon should be discharged, the produce of the duties were to form part of the Sinking Fund, as some compensation for the annual infringements which had been made on it.

In the next session, which began the 15th November, the land and malt taxes were continued as in the last year, with the usual loans thereon. The deficiencies made good were as follows:

	£	s.	d.
To replace to the Sinking Fund the deficiency of the duties on sweets, at Michaelmas, 1753 ··	6,792	15	0
Deficiency to 5th January, 1754, of half subsidy of tunnage and poundage, mortgaged for annuities 1708, and to the South-Sea Company	61,505	19	9¼
Deficiency of malt-duty 1752, at Lady-day, 1754 ······························	160,932	8	7¾
Ditto of land-tax 1752, at Michaelmas, 1754 .	93,983	19	8

* The surplus of the $\frac{4}{7}$ excise, which formed a principal part of the former sum, ought certainly to have been carried to the Aggregate Fund, pursuant to 1 Geo. I. sess. ii. c. 12. and the surplus of the Funds for the lottery 1714, to the South-Sea Fund, pursuant to 6 Geo. I. c. 4.

£94,348 : 1 : 1½, remaining in the Exchequer, arising from the surplus of several duties, and of last year's grants, was appropriated towards the service of the year 1754, together with £700,000 out of the Sinking Fund.—£499,600 was also ordered to be issued out of the same Fund, to the Bank, for discharging exchequer-bills made out in 1737, and charged on the duties of 12*s.* per barrel on sweets, with the interest due upon the bills to the time of their being paid off. From the 5th April the duty on sweets was carried to, and made part of, the Sinking Fund.

1754.—In the next session, which began 14th November, the land-tax was again fixed at 2*s.* in the pound, which was the last time of its being levied at this rate. The deficiencies made good were, of malt-duty 1753, at Lady-day, 1755, £103,653 : 17 : 3¾ and of land-tax 1753, at Michaelmas, 1755, £51,000.

As it was thought proper to pay off £700,000 of the navy-debt, and as a vote of £1,100,000 was passed to enable his Majesty to augment the forces by sea and land, it is evident that the ordinary grants would be insufficient. Accordingly it was found necessary to borrow a million in addition to the large grant from the Sinking Fund. The loan was obtained on a lottery of 100,000 tickets, at £10 each:* and of

* The resolution of the house of commons for raising this loan was published in the London Gazette, 8th April; the subscription to be received at the Bank, and to close on the 15th instant. The crowd of persons at the Bank to subscribe was so great, that the counters were broken by their eagerness in pushing forward; and,

the £1,000,000 thus raised, £900,000 was to be attended with 3 per cent. annuities, charged upon the Sinking Fund, to commence from the 5th of January, 1756.

The sum granted out of the Sinking Fund was £1,420,000, with power to raise the same at 3 per cent. per annum, upon credit of the growing produce; £500,000 of which was advanced by the Bank of England.—£67,962 : 9 : 5¾ remaining in the Exchequer, arising from the surplus of several duties and the grants of last year was appropriated towards the service of 1755.

on the close of the subscription, the sum subscribed amounted to £3,880,000, in consequence of which a proportionable reduction was made out of each person's share. Every one was at liberty to subscribe for any number of tickets, upon condition of such proportionate reduction, in case the whole sum subscribed exceeded a million.

The Right Honourable H. Pelham, who had been First Lord of the Treasury, and Chancellor of the Exchequer, ever since 1743, died 6th March, 1754; and, on the 6th of April following, the Honourable Henry Bilson Legge was made Chancellor and Under Treasurer of the Exchequer.

CHAPTER IX.

The History of the National Debt, from the Commencement of the Seven Years War, in 1756, *to the Peace of Paris, in* 1763.

IN the session, which began 13th of November, 1755, the land-tax was raised to 4*s.* in the pound, and the malt-duty was continued as usual. The deficiencies made good were as follows:

	£	s.	d.
Deficiency of malt-duty 1754, at Lady-day, 1756	85,494	13	7
Ditto of land-tax 1754, at Michaelmas, 1756	57,744	2	9¾
Ditto of grants for the year 1755	3,038	6	10½
Ditto of half subsidy of tunnage and poundage to 5th January, 1756	71,181	2	2¾

Towards raising the supplies, which, including a vote of credit, amounted to upwards of seven million, a loan of £2,000,000 was borrowed on the following terms, viz. £1,500,000 on annuities at 3½ per cent.

irredeemable for 15 years.*—£500,000 on a lottery of 50,000 tickets, attended with 3 per cent. annuities, commencing from 5th January, 1757. Every subscriber of £400 to have £300 in the 3½ per cents. and £100 in lottery-tickets. The interest was charged upon the Sinking Fund; on which account a new duty upon licences for retailing beer and other liquors, and an additional duty upon cards and dice, were granted, and made part of the Sinking Fund. But, though care was taken to increase the Fund by new taxes, to answer the charge of the loan, a new mode of extending the claim upon it towards the supplies was at the same time adopted. By the act passed for this purpose the whole surplus for the quarter ending 5th April, 1756, amounting to £255,955 : 11 : 11½, was granted first; and then the farther sum of £1,300,000 out of the growing produce of the Fund. The sum of £83,412 : 2 : 5½ remaining in the Exchequer, was also appropriated towards the service of this year. By another act of this session, power was granted to borrow £1,000,000 by exchequer-bills, but only £700,000 was actually raised; these bills were charged upon the next supplies; but, if no sufficient supplies should be granted before 5th July, 1757, they were then to be paid out of the Sinking Fund.

1756.—In the session, which began 2d December, the land and malt taxes were continued as in the

* The annuity to commence from 11th February, 1756, but the first payment thereof to be made 5th January, 1757, and afterwards half-yearly.

preceding year:* the deficiencies made good were of the malt-duty 1755, at Lady-day, 1757, £190,616 16 : 6¾; and of the land-tax 1755, at Michaelmas, 1757, £54,894 : 18 : 5.

The supplies for this year exceeded those for the last, and one of the expedients for raising them was, a lottery consisting of *a million and five* tickets, at one guinea each, amounting in the whole to £1,050,005 : 5, half of which, or £525,002 : 12 : 6 was to be applied to the service of the year, and the other half was to form the prizes: the tickets were divided into 15 classes of 66,667 each, the whole to be determined by the drawing of one class, by making the prizes in the other classes correspond to those which were drawn, so that each class would contain the same numher of prizes, viz.

* The interest of the loan on the land-tax, according to the act, was to be at 3 per cent. per annum, but of the loan on the malt-duty 3½ per cent. the former was either limited to 3 per cent. by mistake, or it was found difficult to obtain the loan at that rate, for a clause was inserted in the malt-act allowing 3½ per cent. on the former as well as on the latter.

The ministry, having become very unpopular, thought it most prudent to resign, and Mr. Pitt being applied to came into power, as Secretary of State, nominating his friends for the other departments of the new ministry, in which the Duke of Devonshire became First Lord of the Treasury, and Mr. Legge, whose abilities and integrity justly entitled him to the esteem of Mr. Pitt, was continued in his office of Chancellor of the Exchequer.

£		£
1 of 10,000		2 of 500
1 5,000		10 100
1 3,000		100 50
1 1,000		200 20
		440 10

with £300 for the first drawn, and £300 : 3 : 6 for the last drawn, amounting to £35,000 : 3 : 6. The disadvantageous nature of this scheme is so obvious, that it cannot be wondered at that it did not succeed, particularly as the plan of it was in some degree inconsistent with the vulgar notions of chance, by which the spirit of lottery-adventure is chiefly supported.* Only £440,262 : 18 was advanced, of which £221,001 : 1 was paid back for prizes, so that there remained only £219,261 : 17 applicable towards the supplies. The 580,707 tickets remaining undisposed of, amounting to £609,742 : 7, were afterwards ordered to be cancelled.

It was also intended to raise a loan of £2,500,000† and subscriptions were accordingly taken for it; but, after the subscribers had made their deposit, it was found necessary to increase the sum to £3,000,000,

* Another reason of its not succeeding was, that it was not disposed of to any particular set of subscribers, who would have tried every means to get the tickets off with a profit, but every person was at liberty to purchase any number of tickets at the Bank of England.

† Only the small sum of £313,100 was subscribed, the whole of which was afterwards transferred to the new loan.

and, a new arrangement being made, the following terms were agreed upon, viz.—For every £100 advanced, the subscribers were to have £100 3 per cent. annuities, commencing from 5th July, 1757, and an annuity for life of £1 : 2 : 6 : the first half year to be paid 5th January, 1758, if the subscribers had appointed their nominees on or before that time. The life-annuities to be payable half yearly at the Exchequer, and any person receiving the annuity for any time beyond the life of the nominee, knowing such nominee to be dead, to forfeit treble the money so received and £500. The persons who had paid the deposit of 15 per cent. on the intended loan of £2,500,000* were allowed to subscribe into the new

* This loan was to have been raised by a tontine, and terminable annuities, the subscribers having the option of subscribing for either: the tontine was divided into five classes, viz.

Class.	£	s.	d.	
1 Annuities of	4	0	0	per cent. for the lives of nominees of any age, with benefit of survivorship for 60 years.
2 ditto......	4	5	0	per cent. for the lives of nominees above the age of 20 years, with benefit of survivorship for 50 years.
3 ditto......	4	10	0	per cent. for the lives of nominees above the age of 30 years, with benefit of survivorship for 43½ years.
4 ditto......	4	15	0	per cent. for the lives of nominees above the age of 40 years, with benefit of survivorship for 38½ years.
5 ditto......	5	0	0	per cent. for the lives of nominees above the age of 50 years, with benefit of survivorship for 35 years.

loan, and such as had paid more than the 15 per cent. and taken the discount, were to have that part which exceeded the 15 per cent. returned, with interest at 3 per cent. The sum paid for interest of money thus returned was £139 : 15 : 7. It does not appear that any discount was allowed for prompt payment on the new loan.

As the £700,000 raised under the vote of credit of the last session was now to be repaid, with £12,249 : 19 : 11 for interest, and application having again been made by a message from his Majesty that he might be enable to defray extraordinary expenses, a new vote of credit was passed for £1,000,000 to be raised by loan or exchequer-bills, charged on the next supplies, and if no sufficient supplies should be granted before 5th July, 1758, to be paid out of the Sinking Fund: this sum the Bank were empowered to advance for the use of government.

With respect to the Sinking Fund, as the interest payable on the *second* subscriptions of 1750 was now 3 per cent.* and as the salt-duties were now

or, in lieu of these annuities, they were offered the following for terms of years certain, viz.

£	s.	d.	
4	0	0	per cent. for 66 years.
4	5	0	per cent. for 54 years.
4	10	0	per cent. for 46½ years.
4	15	0	per cent, for 41 years.
5	0	0	per cent. for 36¾ years.

* The time was not far distant when the first subscriptions would also become 3 per cents.

brought into the fund, its income was increasing considerably, so that, although £1,200,000 was granted out of it towards the supply for this year, there yet remained on 10th October, after payment of this sum, a surplus of £93,371 : 11 : 7¾; a circumstance that had not happened for some years past.*

* This sum was afterwards appropriated towards the supplies for the following year.

Amount of the National Debt, 5th January, 1757.

	Principal.				Interest.		
Annuities for long terms	£ 1,836,275	17	$10\frac{3}{4}$		136,453	12	8
Ditto for lives with survivorship	108,100	0	0		7,567	0	0
Ditto for two and three lives	83,055	14	$10\frac{3}{4}$		10,047	12	0
Exchequer-bills for interest of old bills	2,200	0	0				
East-India capital and annuities	4,200,000	0	0		127,687	10	0
Bank ditto	11,686,800	0	0		398,936	3	$5\frac{1}{2}$
3 per cent. annuities charged on Sinking Fund	10,537,821	5	$1\frac{1}{4}$		320,585	2	9
$3\frac{1}{2}$ per cent. ditto £14,984,455 : 18 : 4 / 3 per cent. ditto £ 2,716,867 : 18 : 0	17,701,323	16	4		615,846	0	0
$3\frac{1}{2}$ per cent. ditto, (29 Geo. II.)	1,500,000	0	0		52,500	0	0
South-Sea stock and annuities	25,025,309	13	$11\frac{1}{2}$		878,632	12	$0\frac{1}{2}$
Annuities at 3 per cent. 1751	2,100,000	0	0		64,181	5	0
Life annuities, 1745					20,214	10	0
Ditto 1746					40,489	0	0
	£ 74,780,886	8	$2\frac{1}{4}$		2,673,140	7	11
3 per cents. 1726	1,000,000	0	0				
Exchequer-bills	700,000	0	0				
	£ 76,480,886	8	$2\frac{1}{4}$				

1757.—In the next session, which began the 1st December, the land and malt taxes were continued as in the last year. The supplies considerably exceeded those for 1757, and included the following sums for deficiencies, viz.

	£	s.	d.
Deficiency of last year's grants..............	284,802	1	0¾
Ditto malt-duty 1756, at Lady-day, 1758....	376,427	6	11¼
Ditto land-tax 1756, at Michaelmas, 1758....	77,396	1	9

In this session, a tax of 1*s*. in the pound was imposed upon all places and pensions exceeding £100 per annum; which, with an additional duty upon houses and windows, was made a fund for borrowing £5,000,000; with a provision, that, if the fund proved deficient, the deficiency should be made good out of the Sinking Fund, and replaced from the next supplies. The terms of the loan were as follows: £4,500,000, on annuities at 3½ per cent. for 24 years, from 5th July, 1758, and from that time 3 per cent. and £500,000 on a lottery of 50,000 tickets, at £10 each, attended with annuities at 3 per cent. from 5th January, 1759. As the two sums formed one loan, every subscriber of £500 had £450 in annuities and £50 in tickets.

April 6th, 1757, Lord Mansfield was appointed Chancellor of the Exchequer, pro tempore, but it was soon found necessary to recall Mr. Pitt; and, in the new arrangement formed by him on 2d July, the Duke of Newcastle was made First Lord of the Treasury, and Mr. Legge re-appointed Chancellor of the Exchequer.

As the produce of the Sinking Fund was greater than in any year since its establishment, and as the charge upon it was less than it had lately been,* the sums taken from it towards the supply exceeded all former grants of the kind, amounting to no less than £2,491,848 : 5.† The sum of £800,000, raised under the vote of credit of the last session, being now to be repaid, with £8750 for interest; a similar vote was now passed,‡ to enable his Majesty, at any time before the 5th January, 1759, to authorise the commissioners of the Treasury to raise £800,000 by loan or exchequer-bills, to be repaid out of the first supplies; or, if no sufficient supplies should be granted before the 5th July, 1759, then out of the Sinking Fund.§

1758.—In the next session, which began 23d

* This arose chiefly from the second subscriptions of 1750 becoming 3 per cents.

	£	s.	d.
† Viz.—Disposable surplus on 10th Oct. 1757	93,371	11	7¾
Out of the growing surplus................	300,000	0	0
Disposable surplus on 5th April, 1758........	492,400	8	3
Out of the growing surplus	1,606,076	5	1¼
£	2,491,848	5	0

‡ This was in consequence of a message from his Majesty on the 13th June, desiring to be enabled to defray any extraordinary expenses of the war, incurred or, to be incurred, for the service of the year, 1758.

§ August 1st, 1758, a loan of £200,000 to his Majesty, in his quality of Elector of Hanover, was opened at the Bank, and immediately filled by eight of the principal merchants and bankers; four of whom were appointed trustees for the management of the loan.

November, the land-tax for 1759 was continued at 4*s.* in the pound. The malt-duty continued as usual. The deficiencies made good were,

	£	s.	d.
To replace to the Sinking Fund the deficiency of glass and spirituous liquors 1746, on 5th July, 1758	8,881	11	10½
To ditto deficiency of the fund for paying annuities granted 1757, on the 5th January and 5th July, 1758	24,371	6	11¾
Malt-duty 1757, at Lady-day, 1759	183,439	15	10½
Land-tax 1757, at Michaelmas, 1759	132,393	19	4

The supplies voted again very considerably exceeded those for the preceding year; it was therefore necessary that the loan should likewise be greater. The sum borrowed was £6,600,000, being a larger sum than had ever before been raised in this country at one time. The terms on which it was obtained were, that, for every £100 advanced, the subscribers should be entitled to £100 stock, bearing interest at 3 per cent. per annum, commencing from 5th January, 1759, with an additional capital of £5, bearing interest at the same rate per cent. and a lottery-ticket entitling them to a farther additional capital of £10, bearing the like interest, commencing from 5th January, 1760.*

The capital created by this loan was £7,590,000, which was afterwards (by 33 Geo. II. c. 12.) added

* The terms were agreed to by the house of commons 3 February, on which day, 3 per cent. consols were 88¼, and had been about this price for several days; 3½ per cent. 1756, about 94.

to the joint stock of 3 per cents consolidated in 1752. The annual interest was £227,700, and the charge of management £4269 : 7 : 6, per annum. £16,921 : 3 : 2 was allowed to the subscribers by way of discount; and the allowance to the Bank for receiving the contributions, with the charge of drawing the lottery, was £16,318 : 4 : 6.

As 3 per cents at the time of negociating the loan were about 88¼, it may be presumed, that the money would have been advanced on 3 per cents at 86¾ or ⅞, by which the capital created would have been the same, but the profit of the lottery saved. Deducting £130,200 for the profits of the lottery, being £150,000 minus £19,800 for one year's interest, (the annuity on the lottery not commencing till next year,) makes £6,469,800 the value received for the debt incurred on £7,590,000, which was the same as selling the 3 per cents. at 85¼.

The duties charged with the payment of the annuities on the loan of 1757 having proved deficient, the capital of that loan was now added to the joint stock of 3 per cents consolidated in 1752, and charged upon the Sinking Fund, to which the produce of the duties was in future to be carried.

The sums granted out of the Sinking Fund* towards the service of the year were £180,076 : 17 : 0¾ remaining in the Exchequer, of the produce of the

* In this year, £624 was carried to the Sinking Fund, having been paid at the Exchequer by a person unknown, *for conscience sake*; a very uncommon instance of the power of conscience over those who share in the plunder of the public.

Fund to 5th April, 1759, and the farther sum of £2,250,000 out of the future produce. £253,308 3 : 10¼, arising from the surplus of the grants for the last year; the sum of £100,000, granted in December, 1755, for the Empress of Russia, and now repaid; and £80,000, granted for the militia more than was required, were also applied to the service of this year. And, as the £800,000 raised upon the vote of credit of the last session was now repaid, with £1,663 : 12 : 1 for interest, a new vote of credit was passed for £1,000,000, to be raised by loan, or exchequer-bills, charged upon the next supplies, with the collateral security of the Sinking Fund.

1759.—In the session which began 13th November, the land and malt taxes were continued as in the last year, with the usual loans, by exchequer-bills, at 4 per cent. interest.* The deficiencies made good were as follows, viz.

	£	s.	d.
To replace to the Sinking Fund the deficiency of the Fund for life-annuities 1746, on 5th of January, 1759	8,752	6	10
To ditto of Fund for annuities 1757, at ditto	7,651	9	8½
To ditto 1758, on 5th July, 1759	124,736	7	1½
To ditto 1759, ditto	84,141	15	8
Deficiency of grants for 1759	75,170	0	3¼

* On the first day of the session, Tuesday, 13th November, the Bank agreed to accommodate the Lords of the Treasury with £500,000, upon tallies and orders on the act of the last session, for granting certain sums out of the Sinking Fund, at not less than 4 per cent. per annum, interest. *Report of the Lords Commissioners of Secrecy*, 1797, page 137.

Ditto land-tax 1758, at 2d April, 1760	262,392	1	4¾
Ditto malt-duty 1758, at Lady-day, 1760	100,910	13	1¾

The supplies for this year were greater than the last by nearly three million, and a loan of £8,000,000 was found necessary towards raising them; the terms were as follows:—For every £100 the subscribers were to have 4 per cent. per annum for 21 years, from 5th January, 1760, and afterwards 3 per cent. per annum, with an additional capital of £3, consisting of a lottery-ticket, bearing the like interest of 4 per cent. for 20 years, from 5th January, 1761, and afterwards 3 per cent.

Those subscribers who possessed exchequer-bills made out under the act of the last session for a vote of credit were at liberty to pay them in; such bills, with the interest due thereon, to be taken as cash in the payments on the loan. The capital stock created was £8,240,000, and the interest thereon £329,600, till the year 1781, and, from that time, £247,200 per annum. For the payment of this interest, an additional duty of 3*d.* per bushel on malt was granted, with the usual provision for making good any deficiency out of the Sinking Fund, to be replaced from the next supplies. As the duty soon appeared deficient, the interest was afterwards charged upon the Sinking Fund, to which the duties were then added, by 2 Geo. III. c. 9. The interest was at first payable

June 2d, The Duke of Newcastle, Henry Bilson Legge, Esq. Robert Nugent, Esq. James Grenville, Esq. and Lord North, were made commissioners for executing the office of Lord High Treasurer.

in January and July; but, a few years after, it was altered to April and October. The sum allowed for discount was £56,755 : 4 : 5; and to the Bank, for receiving contributions and drawing the lottery, £17,446 : 6 : 8.

As the million raised pursuant to the vote of credit of the last session was now repaid, with £12,924 6 : 8 for interest thereon, a similar vote was passed to enable his Majesty to authorise the Treasury to raise £1,000,000 by loans, or exchequer-bills, charged upon the next supplies; or, if no sufficient supplies should be granted before 5th July, 1761, to be then paid out of the Sinking Fund.*

Great as the sums were that had been of late years taken from the Sinking Fund towards the supplies, those granted out of it for this year still exceeded them, amounting to £2,602,706 : 9 : 9, with power to raise the same by exchequer-bills on the credit of the future produce, on which £4,359 : 19 : 10 was paid for interest.

On the 3d of March the house of commons resolved, that the capital of £7,590,000, created by loan of the preceding year, should be added to the joint stock of 3 per cent consolidated annuities; such persons as should not, on or before the 20th of June, signify their dissent, to be deemed assenting thereto; and

* The Bank, on the 3d July, 1760, agreed to accommodate the Lords of the Treasury with £500,000, on exchequer-bills, at 4 per cent. per annum, on this act, (c. 18.) which they afterwards increased to £678,376 : 4 : 9½, to be repaid, if the Bank desire it, out of the first loans to be made on the next aids to be granted in parliament. *Report*, 1797.

the duties upon which the annuities were charged to be added to the Sinking Fund.

It appears, that, the 13th of February, 1760, a minute of the Treasury-board was sent to the Bank, informing the directors, that "The Duke of New-" castle having stated the great and pressing demands " of money daily made, and the necessity of finding " out some methods for advancing money on the " supplies granted by parliament, acquainted the " Lords, that he had mentioned the same to the " governor and deputy-governor of the Bank, and " that, as the Bank had refused any farther advance-" ments to the public, he had acquainted the said " governor and deputy-governor, that the Treasury " must be obliged to use the power which the Bank " contract gives them, of issuing exchequer-bills to " be circulated by the Bank, to the amount of " £528,610 : 12 : 4¾, under acts of parliament pass-" ed before the date of that contract, and must also " be obliged to apply to parliament to enable the " navy and victualling boards to issue bills in the " nature of exchequer-bills, which shall be received " as cash in all offices of the revenue. But that, if " these methods would be inconvenient to the Bank, " his Grace had proposed, that they should consent " to the Treasury's issuing of exchequer-bills to the " amount of £1,500,000, or £2,000,000, on the " land-tax of 1760, and on the remaining Sinking " Fund; such exchequer-bills to stand upon the cre-" dit of the supplies only, and not to be compre-" hended in the Bank's contract for circulating ex-

"chequer-bills." The Bank, whatever their former reasons for refusal might have been, thought proper upon this representation to acquiesce in the Lords of the Treasury issuing exchequer-bills to the amount of £1,500,000, or £2,000,000, as proposed.*

Notwithstanding a million was now granted towards the discharge of the navy-debt, in addition to very considerable sums granted in several preceding sessions, it was found necessary to borrow the farther sum of £1,500,000 for the same service.† This was raised by exchequer-bills charged on the next supplies; and, if no sufficient supplies should be granted before the 5th of July, 1761, to be paid out of the Sinking Fund.

1760.—The first session of the present reign‡ began the 18th of November, 1760, in which, after settling the clear sum of £800,000 per annum on the king for life, in lieu of the revenues granted to his predecessors,§ the land and malt taxes were con-

* *Report of Lords Com. of Secrecy*, 1797, p. 138.

† One million of this loan was for raising the sum granted towards the discharge of the navy-debt; and £500,000 was in part of the supply granted for naval services.

‡ The king, in his speech, addressing the commons, states, that, as the greatest part of the civil-list revenues were now determined, he trusted in their duty and affection to make the proper provision for supporting the civil government with honour and dignity. "On "my part you may be assured of a regular and becoming eco-"nomy."

§ The net income of the king was, however, only £723,000, on account of the annuities payable to the Princess Dowager of Wales, the Duke of Cumberland, and Princess Amelia.

tinued as in the last year, with power to borrow the usual sums by loans, or exchequer-bills, at 4 per cent. per annum, payable quarterly. The deficiencies made good were,

	£	s.	d.
To replace to the Sinking Fund the deficiency of the Fund for the Annuities granted 1758, on 5th July, 1760	72,011	6	11
Ditto of Annuities 1759, on 5th January, 1760	5,969	12	9½
Ditto 1760, on 5th July, 1760	49,424	0	0
Deficiency of land-tax 1759, at Michaelmas, 1761	173,162	0	9¾
Ditto of malt-duty 1759, at Lady-day, 1761	105,579	2	11¼
Ditto of grants for the year 1760	89,510	12	11

As the supplies voted for this year far exceeded those of any former year, it was necessary to borrow a much larger sum than had ever before been raised by loan in this country. The amount of the loan was £12,000,000, viz. £11,400,000 on 3 per cent. annuities, commencing from 5th January, 1761, with an annuity of £1 : 2 : 6 for every £100, for 99 years, commencing from the same time; and £600,000 by a lottery of 60,000 tickets, at £10 each, attended with like 3 per cent. annuities, commencing from 5th January ,1762.*

* The terms of the loan were agreed to by the house, 18th December, 1760; on the 31st December and 1st January following, 3 per cent. consols were 75⅛; 4 per cents. 90⅜.

March 21st, Lord Barrington was appointed Chancellor of the Exchequer, and one of the Commissioners of the Treasury, in the room of Mr Legge.

The allowance to the Bank, for receiving the contributions and charge of drawing the lottery, was £20,629 : 15 : 0.

As the sum granted out of the produce of the Sinking Fund for 1760 was greater than could be expected to arise within the year, only £1,762,400 was granted for 1761, with power to raise the same by loans, or exchequer-bills, charged on the growing produce of the Fund, without any limitation as to the rate of interest; and the Bank were empowered to advance the whole or any part thereof, by which a charge of £6,229 : 7 : 3 was incurred for interest.

The million raised under the vote of credit of the last session was now paid off, with £20,170 : 12 : 3 for interest and charges thereon; a new vote was, therefore, passed for £1,000,000, to be raised by loans, or exchequer-bills, charged on the next supplies, or, if no sufficient supplies should be granted before the 5th July, 1762, to be paid out of the Sinking Fund. There was also to be discharged the farther sum of £1,500,000, borrowed on exchequer-bills, pursuant to an act of the last session, with £34,000 for interest and charges thereon; but, as it was found more convenient to continue the debt than to spare money for the payment of it, the like sum of £1,500,000 was borrowed, by issuing new exchequer-bills, to be paid out of the next supplies; or, if no sufficient supplies should be granted before 5th July, 1762, to be paid from the Sinking Fund, and replaced out of the first supplies afterwards granted. The Bank were empowered to advance

the whole or any part of this £1,500,000, and likewise of the £1,000,000 before mentioned.

1761.—In the next session, which began 3d of November, the land and malt taxes were continued, as in the last year, with the usual loans thereon, at interest not exceeding 4 per cent. per annum, payable quarterly. The deficiencies made good were:

	£	s.	d.
To replace to the Sinking Fund the deficiency of the Fund for Annuities 1758, at 5th July, 1761	52,393	16	9½
Ditto for Annuities 1760, at ditto	10,540	0	0
Ditto 1761, at ditto	103,906	0	0
Deficiency of grants for 1761	112,613	5	5¼
Ditto of malt-duty 1760, at Lady-day, 1762	88,746	0	10
Ditto of land-tax 1760, at Michaelmas, 1762	137,981	6	11¼

The amount of the loan was £12,000,000, the same as for the last year; but, as must be expected in the progress of a war, was made on worse terms. Every subscriber of £100 had for £80 thereof £100 stock, bearing 4 per cent. interest for nineteen years, and then to become 3 per cent. redeemable at par; and for the remaining £20, an annuity of £1 for 98 years, from the 5th January, 1762. The deposit was 15 per cent. on the whole, to be paid 23d December.*

* 23d December, 3 per cent. consols were 69½; 3½ per cents 74¾, and 4 per cents 81½; long annuities about 20½ years purchase. On the 26th of the same month the new scrip fell 4 per cent. a rupture with Spain being feared. The declaration of war

The capital created by this loan was made a joint stock with that of the loan for the year 1760, and the interest on both was charged upon the Sinking Fund; the duties provided for the payment of it being made a part of the Fund. It has already appeared, that the duties provided for the annuities of 1760 were insufficient; and, as there was a probability that the new duties on houses and windows, which formed the provision for the loan of the present year, would be still more so, it is evident that the net produce of the Sinking Fund was diminished by this transac-

with Spain was publicly proclaimed on 4th January, 1762, at which time 3 per cent. consols were about 64½; but, on the 30th, were done at 61¾, which appears to have been the lowest price during this war. In February they got up to 68; in March they fluctuated from 66 to 69, and the following month were rather better: towards the end of May they got up to 74, and, on the various reports generally attendant on the expectation of peace, they fluctuated from 73¾ to 80½, till the 30th August, when the Lord Mayor received a letter from the secretary of state, informing him, that plenipotentiaries were appointed to treat for peace, upon which the funds experienced a considerable rise, 3 per cent. consols being done, on the 4th of September, at 88¾, 4 per cents 99, and long annuities at 28¼ years purchase. They afterwards fell considerably, and, even when it was known that preliminaries were signed, they were generally under these prices: 4 per cents however shut for the Christmas dividend above par.

The Duke of Newcastle having received an intimation that his resignation was expected, resigned the office of First Lord of the Treasury, 26th May, 1762, and was succeeded by the Earl of Bute; Sir Francis Dashwood was appointed Chancellor of the Exchequer.

tion. The sum allowed for discount was £46,539 2 : 7, and to the Bank, for receiving the subscriptions, £9,669 : 10 : 0.

Dr. Price objects to this loan,* that a sum of £4,800,000 was needlessly added to the public debts: "For, had 5 per cent. been offered for every "£60 advanced, and for the remaining £40 an "annuity of £2, during 19 years, and afterwards "of £1 for 79 years, equal encouragement would "have been given to contributors; the annuity "payable by the public would have been the same; "and the new capital would have been £7,200,000, "bearing 5 per cent. interest." He seems to be aware, that it would have been necessary to have made this 5 per cent. stock irredeemable (as the 4 per cent. stock was) for a certain term; but he should also have recollected, that 5 per cent. stock never sells for so much as a larger capital of 4 or 3 per cents producing the same interest, and, therefore, fewer persons would have been willing to advance a loan upon the former, and, perhaps, none at the same interest as they would upon the latter stocks.†

The £1,500,000, raised on exchequer-bills, pursuant to an act of the last session, and charged on the supplies of this year, was of course made good, with £40,317 : 5 : 5½ for interest thereon; but this

* *Additional Observations on Civil Liberty*, p. 96.

† An inattention to this and some other particulars has given rise to much false reasoning in that chapter of Dr. Price's *Observations on Rev. Pay.*; entitled, *On Public Credit and the National Debt.*

was done, according to precedent, by raising the same sum on *new* exchequer-bills, charged on the next supplies; with the usual provision, that, if no sufficient supplies should be granted before 5th July, 1763, they should be paid out of the Sinking Fund, and replaced out of the first supplies afterwards granted.* In the same manner the £1,000,000 in exchequer-bills, on the vote of credit, was paid off, with £2,639 : 7 : 0¼ for interest; and an act passed for another vote of credit for £1,000,000, charged on the next supplies, with the collateral security of the Sinking Fund as before.

The sum of £1,009,217 : 2 : 8½ was granted out of the produce of the Sinking Fund for the year 1762, with a clause for raising the whole, or any part, by loan or exchequer-bills, without any limitation of interest. The following sums were also appropriated for the service of this year, £115,000 granted to George II. in 1729,† on condition that it should be refunded from the civil-list revenues outstanding at the time of his decease, and which was accordingly now repaid; £170,000 remaining unapplied of money granted for the militia in former years; and £73,678, arising from a surplus of the duties on malt, to 5th January, 1762.

1762.—The next session began 25th November;

* Of this sum £1,000,000 was appropriated towards discharging the debt of the navy, and £500,000 towards the naval services for the year. The Bank were empowered to advance the whole or any part.

† See page 166.

and, as there were very considerable expenses attending the conclusion of the war,* to be provided for, the land-tax was continued at 4*s.* with the usual malt-duty, the loans thereon at interest not exceeding 4 per cent. The deficiencies made good were:

Deficiency of half subsidy of tunnage and poundage, to 5th January, 1763	£ 49,558	1	6
To replace to the Sinking Fund the deficiency, on 5th July, 1762, of the Fund for annuities on the loan of £5,000,000 for 1758	48,891	14	11
Ditto, the deficiency, on 5th January, 1762, of the Fund for the annuities on part of the loan of £12,000,000 for 1761	26,710	0	0
Deficiency of grants for the year 1762	7,151	9	1¼
Land-tax 1761, at Michaelmas, 1763	153,788	15	3
Malt-duty 1761, at Lady-day, 1763	175,420	2	7¾

As the Navy debt was very considerable,† the

* Preliminary articles of peace were signed, at Fontainbleau, on 3d November, 1762, and the ratifications thereof exchanged on the 22d November, at Versailles. The definitive treaty was concluded at Paris, on 10th February, 1763, and the ratifications exchanged on 10th March.

† *Debt of the Navy, 31st December,* 1762.

Wear and tear, ordinary and transports					3,034,394	1	5
Seamen's wages					3,223,297	15	2
Victualling debt					1,329,321	9	3
Sick and wounded					113,628	15	5
				Total, £	7,700,642	1	3
Money in the hands of the late and present Treasurers of the Navy	503,616	15	3½		1,771,517	6	1½
Money to be received from the supplies for 1762	1,267,900	10	10				
				£	5,929,124	15	1½

house of commons, on 3d February, Resolved, That provision be made for enabling his Majesty to satisfy all the bills payable in the course of the navy and victualling offices, and for transports, which were made out on or before the 31st December, 1762, amounting to the sum of £3,075,316 : 0 : 3. And, on the 14th February, they resolved, that a similar provision should be made for ordnance-debentures, dated on or before 31st December, 1762, amounting to £595,423 : 2 : 5. Upon which resolutions a bill was brought in and passed, allowing the proprietors for the amount of the bills, and interest due thereon, to 25th March, 1763, (which was added to the principal,) annuities at 4 per cent. from the said 25th of March, transferable at the Bank of England, and payable out of the Sinking Fund; the sums that should be issued for this purpose to be from time to time replaced out of the next aids granted by parliament.* The market was thus cleared of a great quantity of paper-circulation upon government-security, which had excluded a like circulation upon private security, and engrossed all the ready cash; this operation, therefore, made an opening for the admission of notes on personal security, facilitated discount, and occasioned an easier circulation of money.† The above amount of navy, victualling, and transport, bills had been issued under the following heads:

* The new stock was subject to redemption upon six months notice in the London Gazette, by payments of not less than £500,000 at a time.

† *Considerations on the Trade and Finances.*

	£	s.	d.
For stores, freight of transports, &c.	1,767,576	12	11
For premiums allowed on naval stores	19,824	8	8
For slop-clothes, bedding, surgeons necessaries, &c.	113,776	1	2
Victualling-bills	1,174,138	17	6
	3,075,316	0	3
Ordnance-debentures	595,423	2	5
	£ 3,670,739	2	8

A part of this sum remained unsubscribed, although a farther time for funding them was allowed in the next session,* the stock created amounting to £3,483,553 : 1 : 10.

The loan found necessary for the year 1763 was £3,500,000, to be raised as follows: £2,800,000 on annuities at 4 per cent. redeemable at par, and transferable at the Bank of England; and £700,000 on two lotteries of 35,000 tickets each; every blank to be of the value of £5; and both blanks and prizes to be attended with like 4 per cent. annuities, which were to commence from 5th April, 1763, and to be charged upon additional duties on wines, and an excise-duty on cider, (the latter of which experienced great opposition) with the collateral security of the Sinking Fund. Every subscriber of £100 to have £80 of the annuities, and one ticket in each lottery at £10 each. The allowance to the Bank for receiving the contributions, with the charges of drawing the lotteries, amounted to £15,420 ; 5 : 5.

* *Annual Register*, 1764,—and, *Continuation of Anderson*, page 55.

As the sum of £1,500,000, in exchequer-bills, charged on the supplies for this year, was now to be repaid, with £51,629 : 17 : 2½ for interest thereon; and likewise £1,000,000 in exchequer-bills on the vote of credit, with £164 : 4 : 10¾ for interest, it was thought proper to raise £1,800,000, by issuing new exchequer-bills, charged upon the first aids to be granted in the next session, with the usual precautionary provision, that, if no sufficient supplies should be granted before 5th July, 1764, they should be paid out of the Sinking Fund, and the money replaced from the first supplies afterwards granted.

In addition to these loans, £2,000,000 was granted out of the produce of the Sinking Fund, with power to raise the same by loan or exchequer-bills.

Amount of the National Debt, 5th January, 1763.

	Capital. £	s.	d.		Interest & Managemt. £	s.	d.
Annuities for long terms, remainder of original sum	1,836,275	17	10¾		136,453	12	8
Ditto for lives, with benefit of survivorship	108,100	0	0		7,567	0	0
Ditto for two and three lives, remaining	75,505	14	10¾		9,155	12	0
Exchequer-bills for interest of old bills	2,200	0	0				
East-India Company's capital	3,200,000	0	0		97,285	14	4
Ditto annuities, at 3 per cent. 1744	1,000,000	0	0		30,401	15	8
Bank, original fund	3,200,000	0	0		100,000	0	0
Ditto, for cancelling Exchequer-bills, (3 Geo. I.)	500,000	0	0		15,000	0	0
Ditto purchased of the South-Sea Company	4,000,000	0	0		121,898	3	5½
Ditto 3 per cent. annuities 1728	1,750,000	0	0		52,500	0	0
Ditto 1729	1,250,000	0	0		37,500	0	0
Ditto 1746	986,800	0	0		29,604	0	0
3 per cent. consolidated annuities	33,627,821	5	1¼		1,027,588	5	8
3 per cent. reduced annuities	17,701,323	16	4		540,996	14	0
3½ per cent. annuities 1756	1,500,000	0	0		53,343	15	0

Ditto 1758		4,500,000	0	0		160,031	5	0
4 per cent. annuities 1760 and 1762		20,240,000	0	0		820,985	0	0
South-Sea stock and annuities		25,025,309	13	$11\frac{1}{2}$		765,326	3	$1\frac{1}{2}$
3 per cent. annuities 1751		2,100,000	0	0		64,181	5	0
		122,603,336	8	$2\frac{1}{4}$		4,069,818	5	11
3 per cent. annuities 1726		1,000,000	0	0		30,000	0	0
Life annuities 1745, at 12 years purchase		220,248	0	0		18,354	0	0
Ditto 1746, at ditto		447,582	0	0		37,298	10	0
Ditto 1757, at 14 years purchase		456,202	5	0		32,585	17	6
Long annuities 1761 and 1762, at 20 years purchase		5,034,820	5	0		251,741	0	3
		129,762,188	18	$2\frac{1}{4}$		4,439,797	13	8
Navy-debt, 31st December, 1762		5,929,124	15	$1\frac{1}{2}$		88,936	17	4
	£	135,691,313	13	$3\frac{3}{4}$		4,528,734	11	0

If to this be added £ 2,500,000, raised by exchequer-bills in 1762, and the German claims paid in 1764, 1765, and 1766, (amounting to £ 1,310,288 : 14 : $1\frac{1}{4}\frac{5}{4}$,) the whole of the public debt will be £ 139,501,602 : 7 : $5\frac{1}{4}\frac{5}{4}$, making an increase by the war of upwards of £ 63,000,000.

CHAPTER X.

The History of the National Debt, from the Peace of Paris in 1763, to the Commencement of the American War in 1775.

ON opening the next session, the 15th November, 1763, the improvement of the public revenue was recommended to the consideration of the house of commons, as the surest means of reducing the National Debt, and of establishing the public credit upon the most solid foundation; in consequence of which some acts were afterwards passed for establishing new regulations with respect to several articles of revenue. Though it had hitherto been usual, upon the return of peace, to reduce the land-tax, yet that and the malt-tax were continued as in the last year, with the usual loans at interest not exceeding 4 per cent. The deficiencies made good were as follows, viz.

	£	s.	d.
To replace to the Sinking Fund the deficiency on 5th July, 1763, of the Fund for the interest of £ 5,000,000, borrowed 1758	41,223	1	6

	£	s.	d.
Ditto on 10th Oct. 1763, of Fund for £3,500,000, borrowed 1763	36,699	15	4½
Ditto for half a year's interest, due 29th Sept. 1763, on the navy and victualling bills, funded in 1763	69,671	1	2
Deficiency of grants for the last year	129,489	0	3
Ditto malt-duty 1762, at Lady-day, 1764	322,079	7	5¼
Ditto land-tax 1762, at Michaelmas, 1764	171,850	10	7

In this session the long annuities, granted on the loans of 1761 and 1762, together with the 3 per cent. annuities on the loan of 1761, were consolidated and charged upon the Sinking Fund, to which the duties charged with these annuities were transferred. The sum granted out of the Sinking Fund for the service of this year was £2,000,000, with the usual power of borrowing it by loan or Exchequer-bills upon credit of the growing produce of the Fund.*

As the £1,800,000 in exchequer-bills, pursuant to an act of the last session, was now to be paid off, with £25,104 : 9 : 0 for interest and charges, new exchequer-bills were of course to be issued; but, as they were at a discount, it was thought proper to raise only £800,000 on bills for the same term as those paid off, and even of this sum the Bank were empowered to advance the whole or any part. The farther sum of £1,000,000 was also raised on exchequer-bills, by an agreement with the Bank, (which was sanctioned by the house of commons, 9th Feb. 1764)

* This grant was as usual defended upon the grounds of precedent and the exigency of the time.

who engaged to advance it on bills bearing interest at 3 per cent. per annum,* payable quarterly; the principal to be repaid out of the first supplies granted for the service of the year 1766, with the collateral security of the Sinking Fund. They also agreed to advance towards the supply £110,000, without interest or any repayment of the principal.† £659,500, arising from the sale of French prizes, was also applied towards the service of this year.

1765.—The next session was opened the 10th January with a recommendation to the commons to continue their attention to the improvement of the public revenue, and *the diminution of the National Debt.* The land and malt taxes were continued as in the last year, with power to raise the usual loan thereon

* Exchequer-bills, bearing *four per cent.* interest, were at this time at a discount, and navy-bills were at 9⅝ per cent. discount.

† If deferring a debt for two years, in time of peace, by which means it may possibly fall upon the commencement of a new war, can be considered as any great advantage to a nation, this agreement must be pronounced a beneficial one on the part of government, as the only favour which they granted to the Bank, on this occasion, was of a very convenient nature: being merely the repeal of such parts of the agreement of 1742, by which it was provided, that their yearly fund of £100,000 should cease and determine at any time, upon 12 months notice, after 1st August, 1764, upon repayment of £1,600,000, formerly advanced to government, and of £1,600,000 then advanced (making together £3,200,000) with all arrears of the £100,000 per annum payable thereon, and all the principal and interest due upon exchequer-bills or other parliamentary securities; which provision for redemption was now postponed till 12 months after 1st August, 1786.

at an interest of 3½ per cent. The following deficiencies were made good, viz.

	£	s.	d.
To replace to the Sinking Fund the deficiency of fund at 5th July, 1764, for £5,00,000, borrowed in 1758	48,176	1	11½
Ditto of Fund for £3,500,000, borrowed 1763, at 10th Oct. 1764	49,742	1	2¼
Ditto one year's interest, to 29th Sept. 1764, on the navy and victualling bills, funded in 1763	139,342	2	4
Deficiency of grants for the year 1764	249,660	4	10
Ditto of malt-duty 1763, at Lady-day, 1765	160,599	4	6¾
Ditto of land-tax 1763 at Michaelmas, 1765	268,000	0	0

The £800,000 in exchequer-bills, which formed part of the ways and means of the last year, being now to be paid off, with £22,338 : 6 : 10½ for interest and charges, the same amount was raised by new exchequer-bills, without any limitation of interest charged on the next supplies, or if no sufficient supplies should be granted before 5th July, 1766, to be paid out of the Sinking Fund, and replaced from the first supplies afterwards granted; the Bank was empowered to advance the whole or any part of the sum.*

An alteration was now made in the time of paying the interest on £20,240,000, the consolidated capital

* Exchequer-bills were issued at 4 per cent. till the close of the year 1764, when an experiment was made upon part of them at 3½; in 1765, the whole £800,000 was issued at 3 per cent. and even at that rate they were generally about and sometimes above par. *Considerations on the Trade and Finances, &c.*

of the loans of 1760 and 1762; it was originally made payable 5th January and 5th July, and had hitherto been paid at those times; but it was now directed that, with the consent of the proprietors, after the payment for the half year, due 5th July in this year, one *quarterly* payment should be made 10th October following, and from that time it should be payable half-yearly, on the 5th April and 10th October. The consent of the proprietors was taken by a clause, enacting, that those who did not signify their *dissent* on or before the 1st June, in books to be opened at the Bank for that purpose, should be deemed to have consented.*

As the navy-debt was still considerable, notwithstanding the funding in 1763, and a sum of £650,000 granted towards its discharge in 1764, it became necessary to provide for £1,500,000 of this debt; and, as funding was found to be a more convenient mode than raising money to pay the bills, the former was preferred, and the conditions offered to the proprietors were as follows: navy, victualling, and transport, bills, made out on or before 30th June, 1764, (with the interest to 6th of April, 1765, added to the principal) to have annuities for every £100, in the following proportion: for $\frac{2}{5}$ parts, annuities at 3 per cent. to be added to the joint stock of 3 per cent.

* This new arrangement was in consequence of some inconveniences having been occasioned by the Christmas quarter of the Sinking Fund being always deficient, on account of the charge upon that quarter exceeding the produce.

Reduced Annuities; for $\frac{4}{5}$ parts, a proportionate number of tickets, of the value of £10 each, in a lottery of 60,000 tickets, every blank to be of the value of £6, and both blanks and prizes to be attended with like 3 per cent. annuities; for the remaining $\frac{1}{5}$ a like 3 per cent. annuity, with liberty to convert it into a tontine annuity, upon the following conditions: for every £100 capital, to have, from the 5th April, 1765, during the life of the nominee whom he should appoint, an annuity of £3, payable at the Exchequer, attended with benefit of survivorship; the nominees to be divided into six classes, and the annuities, as they fall in, to be divided among the class to which they belong; and, when there shall be only one surviving nominee in any class, the whole annuity to be continued during his life, and at his death to cease and determine.* The time fixed for delivering in the bills to be funded was the 26th March; and, as the full sum was not then brought in, it was thought proper to provide, that, if they did not by the 5th April amount to the full sum of £1,500,000, the remainder might be made up by a money-contribution, which was to be applied towards the discharge of the bills

* By this transaction a saving of £15,000 per annum was made to the public, by substituting a stock at 3 per cent. instead of navy-bills at 4, which was done at a time when the 3 per cents. were below 87; and perhaps there is no instance of money borrowed at that rate, while the stocks bearing the same interest were so greatly under par. From this saving, however, is to be deducted the profit on the lottery, which appears to have been the chief inducement to the subscription.

unsubscribed. The above-mentioned bills, made out on or before the 3th June, 1764, amounted, with the interest due thereon, to £1,971,589 : 5 : 8, of which £1,347,500 was subscribed, agreeably to the above conditions, and the remainder £152,500 was made good by money-contributions from other persons. Of the total £1,500,000, only £18,000 was subscribed into the tontine-annuities, so that the capital of 3 per cent. stock created was £1,482,000. The interest of the whole was charged upon the Sinking Fund, upon which account various new duties were granted, and added to that Fund.

As there was a surplus of the produce of the Sinking Fund remaining in the Exchequer, on the 10th October, 1764, amounting to £135,213 : 5 : 0¼, this sum was granted towards the supply; and, in consequence of the surplus, the amount to be taken out of the Fund for the current year was increased to £2,100,000, with power to raise the whole or any part by loans or exchequer-bills, on credit of the growing produce. The following sums were also appropriated towards the supplies for this year, viz. the money remaining in the Exchequer, granted in the last session for the militia, £80,000; out of the duties granted by an act of the last session, and reserved to be disposed of by parliament towards defraying the expenses of the colonies in America, £60,000;* out of new duties now laid upon gum

* These duties, however, produced only £3,223 : 8 : 10, and the duties on gum arabic, &c. proved still more deficient, as they produced £72 : 17 : 10½ only, instead of £12,000.

senega and gum arabic, £12,000; out of £670,000 agreed to be paid by the French king, for the subsistence of prisoners during the late war, £308,000.

Agreeably to the notices given by the speaker of the house of commons, pursuant to an order of the house, an act was passed for paying off one-fourth part of the capital of £3,483,553 : 1 : 10, 4 per cent. annuities, created in 1763,* by funding navy-bills; which fourth part, amounting to £870,888 : 5 : 5½, was to be discharged in one payment, after providing for the interest that would become due 25th December, 1765. As some measure of this kind had been recommended to the house of commons, at the beginning of the session, the adoption of it was acknowledged at the conclusion in the following passage of the speech, "The many bills which you have "formed, for the improvement and augmentation "of the revenue in its several branches, and the "early care which you have taken to discharge a

* See page 257.

In this session was passed the unjust act for imposing stamp-duties in America, which soon produced such alarming but natural consequences, that it was thought proper to dismiss the ministry under which the measure was adopted; consequently, in July, 1765, Lord Rockingham was appointed First Lord of the Treasury, and Mr. W. Dowdeswell, whose talents and integrity well qualified him for the office, Chancellor of the Exchequer. This event was not marked by any material alteration in the price of stocks: 3 per cents. were about 87½.

"part of the National Debt, are the most effectual "methods to establish the public credit upon the "surest foundations, and to alleviate, by degrees, "the burthens of my people."

The disturbances which took place in the American colonies, in consequence of the obnoxious stamp-act, caused the parliament to be assembled 17th December, and the importance of this business excluded the notice of other subjects in the king's speech on the occasion. The land and malt taxes for 1766 were continued as in the last year, with power to raise the usual sums thereon by loans or exchequer-bills, bearing 3 per cent. interest, payable quarterly. The deficiencies made good were:

	£	s.	d.
To replace to the Sinking Fund the deficiency on 5th July, 1765, of the fund for annuities on £5,000,000, borrowed 1758	45,561	7	10½
Ditto annuities at 4 per cent. for the year, ending 29th September, 1765, on navy and victualling bills, funded in 1763	139,342	2	4
Ditto for charges of management on the said annuities, for two years and a half to 29th September, 1765	4,898	14	9½
Ditto for deficiency on 10th October, 1765 of the fund for annuities on £3,500,000, borrowed 1763	29,211	12	6
Ditto for three months annuity to 25th December, 1765, on part of the 4 per cent. annuities 1763, redeemed pursuant to 5 Geo. III. c. 23 ..	8,708	17	7¾
Deficiency of grants for 1765, the sum voted £292,828 : 0 : 4¼, but was satisfied with ..	291,328	0	4¼

	£	s.	d.
Ditto malt-duty 1764, at Lady-day, 1766....	175,904	11	11½
Ditto land-tax 1764, at Michaelmas, 1766....	205,717	13	1½

An act was passed (agreeably to the public notices that had been given by the speaker of the house of commons, pursuant to the order of the house) for paying off another fourth part, or £870,888 : 5 : 5½, of the 4 per cent. annuities, created 1763, by funding navy-bills; these were to be redeemed after paying the interest that would become due 25th December, 1766. There was also a debt of exchequer-bills to be discharged, consisting of £1,000,000 taken by the Bank in 1764, (on which £51,763 : 8 : 4 was due for interest and charges) and £800,000 raised as part of the ways and means for the last year, with £14,127 : 7 : 8½ for interest and charges; but, though it was necessary to pay off these bills, the debt was continued by raising the same sum of £1,800,000 in new exchequer-bills, charged upon the first aids to be granted in the next session of parliament, with the collateral security of the Sinking Fund. The Bank agreed to circulate £1,000,000 at 3 per cent. and the £800,000 was issued in payments as usual. In addition to the money granted for redeeming part of the 4 per cents £1,200,000 was voted towards discharging the debt of the navy; a loan was, therefore, found necessary, which was raised on the following terms: £900,000 by annuities at 3 per cent. commencing from 5th January, 1766; and £600,000 by a lottery

of 60,000 tickets, of which every blank was of the value of £6, and both blanks and prizes attended with like 3 per cent. annuities, commencing from 5th January, 1767. Every subscriber of £100 to have £60 in the 3 per cent. annuities, and, for the remaining £40, four tickets at £10 each.

As it appeared, by an account laid before parliament, that, on 5th April, 1766, there was a surplus of the Sinking Fund of £439,586 : 16 : 2¼ subject to the disposition of parliament, the sum granted out of that Fund towards the supply was £2,150,000, including the before-mentioned sum: the remainder, or £1,710,413 : 3 : 9¾, the treasury were empowered to raise by loan or exchequer-bills, without any limitation as to the rate of interest: £181,000 of the moneys agreed to be paid by the king of France for the maintenance of French prisoners was also appropriated towards the supplies; with £28,000 arising from the sale of French prizes taken before the declaration of war; £5000 of such sums as shall arise from the sale of lands in the ceded islands; and £218,72 : 0 : 8⅛ arising from various savings and disposable duties.

1766.—The riots which took place in many parts of the country, in consequence of the high price of corn, caused the parliament to be assembled again on the 11th November; and, as this was the first session since the new ministry* came into power, the landed

* Consisting of the Duke of Grafton, Earl of Shelburne, Lord Camden, Right Hon. Charles Townshend, and the Earl of Chatham.

interest formed a majority against them, and got the land-tax for 1767 reduced to 3*s.* in the pound. In consequence of which, notwithstanding the assistance of several auxiliary articles towards the supplies, the deficiency of the grants became greater than usual, and it was found necessary to impose some new taxes. The deficiencies of the last year now made good were:

	£	s.	d.
To replace to the Sinking Fund the deficiency on the 5th July, 1766, of the Fund for the annuities on £5,000,000, borrowed 1758....	49,660	9	2½
To ditto, to replace the deficiency on 10th October, 1766, of the Fund for the annuities on £3,500,000, borrowed 1763	12,758	13	7
To ditto, to replace the annuities for the year, ending 29th September, 1766, on navy and victualling bills, funded 1763	104,506	11	10
To ditto, for charges of management, for one year, ending 29th September, on ditto......	1,592	1	9¾
To ditto, for three months annuity, to 25th December, 1766, on part of the said annuities, redeemed pursuant to 6 Geo. III. c. 21.....	8,708	17	7¾
Deficiency of grants for the year 1766	129,144	2	8
Ditto of malt-duty 1765, at Lady-day, 1767..	300,610	14	9½
Ditto of land-tax 1765, at Michaelmas, 1767..	228,212	0	11

The exchequer-bills of the last year, amounting to £1,800,000, were discharged in course, with £43,229 : 2 : 4½ for interest and charges; and, as these bills, which formerly were a resource reserved for emergencies, were now become a regular part of the ways and means, a sum equal to that paid off

was raised by new exchequer-bills, charged upon the first supplies to be granted in the next session.

On the 13th April the house of commons resolved to pay off the remainder of the 4 per cent. annuities, created by funding navy-bills, in 1763, which were now reduced, by the payments in the two last years, to £1,741,776 : 10 : 11, which sum was to be discharged in one payment, after paying the interest due thereon, on 25th December, 1767: at the same time it was resolved to pay off, on 5th January, 1768, £875,000, being one-fourth part of the capital of 4 per cent. created by the loan of 1763. £300,000 was also granted towards the discharge of the navy-debt. Towards making these payments it was found necessary to borrow £1,500,000, which was obtained nearly upon the same terms as those of the loan in the preceding year; viz: £900,000 on 3 per cent. annuities, commencing from 5th January, 1767, and £600,000* on a lottery of 60,000 tickets, attended with 3 per cent. annuities, commencing from 5th January, 1768, The subscribers to have for every £100—£60 in the annuities, and four lottery-tickets at £10 each.†

The annuities were of course charged upon the Sinking Fund, to which the new duties on linens and

* The whole of this was divided into prizes.

† The resolutions respecting this loan passed the house 16th of April, on which day 3 per cent Consols were 88½; 3½ per cents 94⅝, and Long Annuities 27¼ years purchase.

chip-hats, granted this session, were directed to be carried.

The sums granted out of the Sinking Fund, towards the supply, were £469,147 : 14 : 3¼,* remaining in the Exchequer, being the surplus of the Fund on the 5th April, 1767; and £2,010,121 10 : 3½ out of the growing produce of the Fund, with the usual power of raising the same by loans or exchequer-bills, which was found a very necessary clause. Various other sums, remaining for the disposition of parliament, were also appropriated to the same purpose.

It may be proper to notice a measure of this session, which has since been appealed to as a precedent on a different occasion: the two-sevenths excise, granted in 1693, was charged with the payment of annuities on two and three lives, and a sum sufficient for this purpose was retained in the Exchequer; but, many of the annuities having expired by the death of the annuitants, though their representatives had neglected to furnish the required certificates, the sum remaining in the Exchequer, on the 5th April, 1767, amounting to £84,604 : 3 : 3, was directed to be carried to the Aggregate Fund, and that fund was made a security for any future claims on account of these unclaimed annuities, in case the growing produce of the two-sevenths excise should not be sufficient to answer the same. A farther sum of £30,291 : 11 : 3¼ was taken from this account in 1771.

* According to the act, £469,147 : 14 : 0½.

1767.—As there was every reason to expect a continuance of peace, the reduction of the National Debt was again recommended to the Commons on opening the next session, 24th November, and the House in their address noticed this subject in the following words: "Our regard to your Majesty's "recommendation, as well as the indispensable duty "we owe to those whom we represent, will make "us earnestly attentive to the great object of diminishing the National Debt; being convinced that "nothing can so effectually tend to add real lustre "and dignity to your Majesty's government, or to "give solid and permanent strength to these king-"doms." Had they been as earnest for the accomplishment of this object as these expressions seem to imply, the land-tax would certainly have been raised to four shillings, instead of being continued at three shillings.

The deficiencies made good were:

To replace to the Sinking Fund the deficiency on 4th July, 1767, of the Fund for annuities on £5,000,000, borrowed 1758	53,480	17	8¾
To replace to ditto the deficiency on 10th October, 1767, of the Fund for the annuities on £3,500,000, borrowed 1763	59,322	16	10
To replace to ditto one year and a quarter's annuities, to Christmas, 1767, on the joint stock of 4 per cents then to be redeemed	88,435	19	6½
To replace to ditto three months annuity to 5th January, 1768, on £875,000, part of the 4 per cents 1763, then redeemed	8,750	0	0
Deficiency of grants for 1767	392,484	4	5⅝
Ditto of malt-duty 1766, at Lady-day, 1768 ..	271,539	10	3½
Ditto of land-tax 1766, at Michaelmas, 1768 :	252,920	12	5¼

The £1,800,000 in exchequer-bills was of course paid off, with £35,755 : 13 : 3 for interest and charges; and the like sum was raised by new exchequer-bills.

As it was now resolved to pay off £2,625,000, bearing 4 per cent. interest,* (being the remainder of the capital created by the loan of 1763,) it was found necessary, notwithstanding the contribution of £400,000 from the East-India Company,† to raise £1,900,000 by way of loan, viz. £1,300,000 on 3 per cent. annuities, commencing from 5th January, 1768; and £600,000 on a lottery of 60,000 tickets, at £10 each, entitled to like 3 per cent. annuities, but commencing from 5th January, 1769: every contributor of £65, towards the £1,300,000, to take three tickets in the lottery. The Sinking Fund, as may be expected, was charged with these annuities; and, as a provision, the duties out of which the interest on the 4 per cents 1763 (now in a course of redemption) was payable were added to the Fund.

* The four per cents were to be redeemed in three equal payments, as follows: £875,000 on 5th July, 1768; £875,000 on 10th October, 1768, and £875,000 on 5th January, 1769, with the annuity thereon up to the day of redemption.

† A new arrangement was now made with the Company, by which they agreed to advance for the use of government £400,000 per annum for two years.

In December, 1767, Lord North was appointed Chancellor of the Exchequer.

The sum granted out of the Sinking Fund, for the service of this year, was £2,250,000, part of which was raised by exchequer-bills on the credit of the growing produce.

1768.—The first session of the new parliament was opened on the 11th of May. This being merely for the purpose of renewing some temporary bills that were near expiring, no financial business was brought forward till the next session, which began the 8th of November following. As the National Debt was not even mentioned in the king's speech, it could not be expected that the reduction of it, which had lately been thought so important an object, would be very earnestly pursued; the land-tax was, therefore, continued at 3 *s.* in the pound for the year 1769. The deficiencies made good were:

	£	*s.*	*d.*
To replace to the Sinking Fund the deficiency on the 5th July, 1768, of the Fund for annuities, on £5,000,000, borrowed 1759	47,531	18	6
To replace to ditto the deficiency on 5th April, 1768, of the Fund for the annuities on £3,500,000, borrowed 1763	18,930	3	4¾
Deficiency of grants for 1768	186,043	1	7¾
Malt-duty 1767, at Lady-day, 1769	133,747	11	2½
Land-tax 1767, at Michaelmas, 1769	212,503	18	5¼

The exchequer-bills of the preceding year were paid off in course; with £39,745 : 6 : 3¼ for interest and charges; and the like sum of £1,800,000 was raised by issuing new exchequer-bills as part of the ways and means for this year.

In addition to £400,000 paid by the East-India Company, pursuant to their agreement, £180,000 was raised, towards the supplies by the profit on a lottery; besides the use of the contribution-money for several months. The lottery consisted of 60,000 tickets, at £13 each, amounting to £780,000; of which £600,000 was repaid in prizes. About the middle of November, the tickets sold at £12 : 16 : 0, being 4 *s.* under the original price. In May they got up to £16 : 6 : 6, and they were afterwards from £14 to £15.

The sums granted out of the Sinking Fund, for the service of this year, were the surplus of £135,177 : 15 : 6½, remaining in the Exchequer on the 5th April, 1769, for the disposition of parliament; and £1,664,822 : 4 : 5½ out of the growing produce of the Fund, with the usual power of raising the same by loans or exchequer-bills. Sundry surplusses and other moneys at the disposition of parliament, amounting to £234,649 : 19 : 9½, were also appropriated to the same purpose.

One reason that no progress was made during this session in the payment of the National Debt was, probably, that the ministry knew they should have a debt of a different description to bring forward and provide for: accordingly, on the 28th February, a message from his Majesty was brought to the house of commons, informing them, that, the expenses of his civil government having exceeded the revenue settled by parliament, he had been under the necessity of contracting a considerable debt, and that he relied on

their zeal and affection for the discharge of this incumbrance. This application occasioned great debates, which, however, ended in granting £513,511 to pay the arrears and debts due on the civil-list to 5th January, 1769.* The charge of his Majesty's civil government, for one year, ending the 5th of January, 1766, was stated at £924,042 : 2 : 5.

In this session the agreement with the East-India Company was renewed, by which they were to pay £400,000 per annum to government, for five years, from 1st February, 1769, on similar conditions with the agreement made two years since.

About this time Dr. Price first offered to the public some *Observations on Public Credit, and the National Debt*, in the third chapter of his *Observations on Reversionary Payments*. He strongly pointed out the destructive tendency of the funding system, and that, rather than continue to contract debts without providing for their redemption, it would be better to raise no money but upon terminable annuities, by which means time would do that necessarily for the public, which, if trusted to ministers, might never be done. But the object which he particularly recommended was the establishment of a permanent *Sinking Fund*, on the principle of the Fund that had

* His Majesty, after thanking the Commons, tells them, that he shall ever consider their readiness in relieving him from the difficulties increasing upon him by the continuance of this debt as an additional motive "*to endeavour* to confine the expenses of his civil "government within such bounds as the honour of his crown can "possibly admit."

been formally established and so soon destroyed. The necessity of adopting this measure and the advantages that would attend it were strongly pointed out; but, even at this period, the Dr. does not appear to have entertained great hopes of seeing an efficient plan adopted, and long continued.

1770.—The next session began the 9th January, in which the land and malt taxes were continued as in the preceding year, with the usual loans, at interest not exceeding 3 per cent. The deficiencies made good were:

	£	s.	d.
To replace to the Sinking Fund the deficiency on 5th July, 1769, of the Fund for the annuities on £5,000,000, borrowed 1758	46,463	12	8
Deficiency of grants for the year 1769	55,011	7	5½

The exchequer-bills of the preceding year were discharged in course, and the like sum was raised in new exchequer-bills, charged upon the first aids granted in the next session. As the redeemable 4 per cents were all paid off, notice was now given, (by an order of the house of commons, inserted in the London Gazette of 27th April, 1770,) that the capital of £1,500,000, bearing 3½ per cent. interest, which formed part of the loan of the year 1756, would be redeemed on the 12th February, 1771,*

* This was the first day on which they became redeemable.

In January, 1770, Lord North became First Lord of the Treasury, and still retained the Chancellorship of the Exchequer.

after discharging the interest then payable on the same, up to the day appointed for the redemption thereof: this had the effect that might be expected, of keeping the stock above par till redemption. At the same time a scheme was projected for reducing the interest on part of the 4 per cents, consolidated in 1762, by allowing the proprietors to subscribe to the amount of £2,500,000 into the 3 per cent. Consolidated Annuities; the rate of 3 per cent. to commence from 5th January, 1770; and, as an inducement to make this exchange, they were entitled, for every £100 subscribed, to have two tickets in a lottery of 50,000, at the rate of £14 each, and, in consideration of their subscription, were to have a receipt from the Bank for £4, in part of the said £14 per ticket; the farther payments to be made as follows: £1 per ticket on or before 15th June, £2 on or before 20th July, £3 on or before 21st August, and £4 on or before 25th September: the usual discount, at 3 per cent. was allowed to those who paid in the whole on or before 17th August. From the nature of this scheme it is not to be wondered at that it did not fully succeed, as there was a doubt from the scheme, (£500,000 only being divided into prizes,) whether the subscribers would realize the £4, pretended to be given them, without looking to any farther profit. The sum subscribed into the 3 per cents was £1,253,700; but there was a clause, that, if the whole £2,500,000 was not subscribed, any persons should be at liberty to purchase the remaining tickets at the rate of £14 per ticket.

The sums granted out of the Sinking Fund, for the service of this year, were £299,375 : 6 : 6¼ surplus of the Fund remaining in the Exchequer, on the 5th January, 1770, for the disposition of parliament; £773,240 : 16 : 0½, the surplus of the Fund for the quarter ending the 5th April; and £1,700,000 out of the growing produce of the Fund, with power to raise the same by loans or exchequer-bills.

The next session began on the 13th of November; and, as preparations for hostilities were thought necessary, on account of a dispute with Spain relative to Falkland Islands,* the land-tax was raised to four shillings in the pound, though not without some opposition, and a promise obtained from the ministry, that, if a war did not take place, it should be reduced again to three shillings in the next session. As there was a small overplus of the grants of the last year, which was appropriated towards the service of the current year, the only deficiencies to be made good were those of the land and malt taxes for 1769; and £35,085 : 2 : 11 to replace to the Sinking Fund the deficiency, on the 5th July, 1770, of the Fund for the annuities on £5,000,000, borrowed in 1758.

The exchequer-bills of the last year were discharged in course, and the like sum of £1,800,000

* On 20th February, 1770, two Spanish frigates arrived at Port Egmont, and took possession of Falkland Islands in the name of the king of Spain. It was not publicly known in London till the beginning of September.

raised by issuing new ones, charged upon the first aids to be granted in the next session of parliament. A lottery was created of 50,000 tickets at £13 each, amounting to £650,000; the sum divided into prizes was £500,000, but as there was a deduction of 10 per cent. from the prizes, the sum actually paid was only £450,000: a very pernicious scheme, as many persons who are usually adventurers in the lottery would not consider the discount, and therefore conceive themselves entitled to a better chance than they really were.

The sums granted out of the Sinking Fund for the service of this year were £691,977 : 7 : 9, the surplus remaining in the Exchequer on the 5th April, 1771; and £1,650,000 out of the growing produce of the Fund, with the usual power of raising the latter sum by loans or exchequer-bills.

In 1771, Dr. Price, in *An Appeal to the Public on the subject of the National Debt*, endeavoured to engage more general attention to the observations on the National Debt, contained in his Treatise on Reversionary Payments; and, by exposing the fallacy of the arguments usually employed to justify the alienation of the Sinking Fuud, to convince the public, that the best scheme for paying off the National Debt was that which had long been known, which had been established, but unhappily crushed in its infancy, and the restoration of which appeared to him of such essential importance, that he says: "If the whole of it cannot be unalienably "applied to its original use, let *some part* of it be

"so applied, that the nation may at least enjoy a "*chance* of being saved;" being fully persuaded, that not only the preservation of our trade and liberties, but the very *being of the state*, depended upon the reduction of our debts.

1772.—In the next session, which began the 21st January, although the dispute with Spain was adjusted, and there was every appearance of a continuance of peace, it was thought proper to keep up a greater naval force than had been usual in time of peace; notwithstanding which the additional shilling was taken off the land-tax, as had been promised in the last session.

The deficiencies made good were—to replace to the Sinking Fund the deficiency on the 5th July, 1771, of the fund for the annuities on £5,000,000, borrowed in 1758, £42,445 : 5 : 5; and for deficiency of grants for the year 1771, £39,456 : 0 : 10¼. The exchequer-bills of last year, amounting to £1,800,000, were paid off in course, and the like sum issued in new bills, charged upon the first aids granted in the next session of parliament. The sums granted out of the Sinking Fund towards the service of this year were:

	£	s.	d.
The surplus remaining in the Exchequer on 10th October, 1771	136,416	0	8½
The surplus remaining in the Exchequer on 5th January, 1772	55,192	6	11¾
Remaining in the Exchequer on 5th April	805,398	13	2

	£	s.	d.
Out of the growing produce of the Fund, with the usual power of raising the same by loans or exchequer-bills	1,856,723	1	2

The reduction of the debt still went on slowly; the sum granted for this purpose was £1,350,000 to be employed in discharging £1,500,000 3 per cents, at £90 money for every £100 stock. This was the first instance of redeeming the public debts under par, and the advantage given to the subscribers, to induce them to accept these terms, was, that for every £100 subscribed to be paid off they were entitled to have four tickets in a lottery of 60,000 tickets, on payment of £12 : 10 per ticket, so that, in addition to the £90 received from government, they had whatever profit they could make by disposing of their tickets at a higher price than that at which they took them.* The sum divided into prizes was £600,000, so that the profit to the public was £150,000. The resolution for this redemption passed the house of commons on the 2d May, and the time limited for the subscription was the 15th of the same month, and on the first two days no person was allowed to subscribe more than

* In 1773, Dr. Price, in the preface to 3d edit. of his *Observations on Reversionary Payments*, offered some remarks on this plan, which he shewed to be a weak and temporary scheme; and, from its inadequacy to the proposed object, took the opportunity of again enforcing the necessity of restoring the plan formerly established, and securing it from future perversion.

£10,000. The proportions of the different stocks subscribed were as follows:

	£
Three per cent. Consols......	732,975
Three per cent. Reduced......	318,300
Old South-Sea Annuities......	194,250
New South-Sea Annuities......	176,325
Three per cents 1751........	78,150
	£1,500,000

Which sums were redeemed accordingly in two payments, one-half on the 15th July, and the other half on 20th October.*

The embarrassments of the East-India Company, and other important subjects, caused the parliament to be assembled on 26th November, 1772; and, as there was every appearance of a continuance of peace with the powers of Europe, the land-tax was continued at 3*s.* in the pound for 1773. The deficiencies made good were:

	£	*s.*	*d.*
To replace to the Sinking Fund the deficiency on the 5th July, 1772, of the fund for the annuities on £5,000,000, borrowed in 1758..........	48,245	11	6
Deficiency of grants for the year 1772..........	21,085	1	7

* As the 3 per cent Reduced and Old South-Sea Annuities were payable half-yearly, in April and October, and as the subscribers were entitled to interest to 5th July, a quarters payment was made on these two stocks.

The pecuniary distresses of the East-India Company, arising from the misconduct of their servants in India, and in some measure from their late contributions to government, together with the loss of the American market for their teas, and the increase of their dividends, reduced them to the necessity of petitioning parliament for relief, by means of a loan of £1,400,000, for four years, at 4 per cent. interest, the company agreeing not to make a dividend of more than 6 per cent. until the loan should be reduced, by repayments, to £750,000; that then they might raise their dividends to 8 per cent. and, after the whole loan was discharged, the surplus of their net profits, above the said dividend, should be appropriated to the reduction of their bond-debt to £1,500,000; *and from that time the surplus profits should be equally divided between the public and the Company.* The loan being agreed to, though with some variation from the conditions proposed by the Company, it was raised upon exchequer-bills, charged upon the payments to be made into the Exchequer by the Company, of all the surplus of their clear revenues and profits, after setting apart the dividend of 6 per cent. and, if this should prove insufficient to discharge the whole principal, interest, and charges, of the bills, before 6th April, 1779, the same to be made good out of the aids to be granted for the service of the year 1779, with the additional security of the Sinking Fund; £600,000 of the loan was to be paid to the Bank, in part of the debt due to them from the Company.

The exchequer-bills of the last session, amounting to £1,800,000, were discharged in course; but, as the agreement with the India Company would bring an additional number of these bills into circulation, it was thought proper to raise only £1,000,000 by new exchequer-bills towards the supplies; charged, as usual, on the first aids to be granted in the next session. The sums appropriated out of the Sinking Fund towards the supply for this year were £350,193 : 7 : 4¼, the surplus remaining in the Exchequer on the 5th April, 1773; and £2,349,806 12 : 7¾ out of the growing produce of the Fund, with the usual power of raising the same by loans or exchequer-bills. No measures were taken this session for reducing the National Debt.

1774.—In the next session, which began 13th January, the land and malt taxes were continued as in the preceding year. There being a surplus of the grants for 1773, (which was appropriated towards the supply for this year) the only deficiencies to be made good were:

	£	s.	d.
For replacing to the Sinking Fund the deficiency on the 5th July, 1773, of the fund for the annuities on £5,000,000, borrowed 1758	43,645	12	8
Deficiency of land-tax 1773	213,164	7	6
Ditto of malt-duty 1773	284,835	12	6

The million in exchequer-bills of the last year was discharged in course, and £1,250,000 was raised by new bills, charged as usual on the first aids to be

granted in the next session. The sums granted out of the Sinking Fund towards the supply were, the surplus of £113,190 : 11 : 7½ remaining in the Exchequer on the 5th January, 1774; £619,303 : 7 : 3½ remaining in the Exchequer on the 5th April, 1774, and £2,080,696 : 12 : 8¼ out of the growing produce of the Fund, with power to raise the latter sum by loans or exchequer-bills.

The grants of this session for the reduction of the debt were, for reducing the navy-debt, £200,000; and, for redeeming 3 per cent stock, £880,000: this redemption, like that of 1772, included 3 per cent consolidated and 3 per cent. Reduced Bank Annuities, Old and New South-Sea Annuities, and 3 per cents 1751; but the conditions were somewhat different from the former, they were now to have but £88 money, and were entitled, for every £100 subscribed, to have six tickets in a lottery of 60,000 tickets, on payment of £12 : 10 per ticket. The sum of £600,000 to be divided in prizes. The proprietors received the money for their stock in two payments, half on the 15th July, and half on the 20th October; and were entitled to the dividend due 5th July, a quarter's payment being made on the 3 per cent Reduced and Old South-Sea Annuities. The resolution for this redemption passed the house of commons on the 19th May, and the time limited for the subscription was the 28th of the same month. During the first two days, no person was allowed to subscribe more than £5000 stock. The proportions subscribed in the different funds were as follows, viz.

	£
3 per cent. Consol. ·······	372,350
3 per cent. Reduced ······	264,950
Old South-Sea Annuities ··	140,900
New South-Sea Annuities ..	162,900
3 per cents 1751 ········	58,900
	£1,000,000

The duties to be paid in America on paper, paint, and glass, were repealed; but the tea-duty, which had been imposed by the same act, was left standing to *serve the Company* as was pretended, but in reality to preserve the right, as it was called, to tax the colonies.

The next session, which was the first of a new parliament, began the 30th November, and although the disputes between this country and the American colonies had been brought to an eventful crisis, and the ministry seemed determined to pursue coercive measures, no augmentation of the forces was thought necessary; but, on the contrary, a less number of seamen were voted than in the preceding year; the land-tax for 1775 was therefore continued at 3*s.* in the pound, the last time of its being fixed at that rate. The deficiencies made good were:

	£	s.	d.
To replace to the Sinking Fund the deficiency on the 5th July, 1774 of the fund for the annuities on £5,000,000, borrowed in 1758 ···········	45,446	8	2
Deficiency of grants for the year 1774 ···········	112,528	2	5½
Ditto of land-tax ···························	223,168	0	0
Ditto of malt-duty ·························	227,832	0	0

The exchequer-bills of the last year, amounting to £ 1,250,000, were paid off, in course, and the like sum raised by issuing new bills, charged as usual on the first aids to be granted in the next session. The sums granted out of the Sinking Fund towards the supply for this year were, the surplus of £ 11,239 : 10 remaining in the Exchequer on the 5th January, 1775;—£ 884,447 : 3 : 10¼ remaining in the Exchequer on the 5th April; and £ 1,904,313 : 6 : 1¾* out of the growing produce of the Fund: to these sums were added the profits of a lottery.† £ 880,000 was granted for redeeming £ 1,000,000 3 per cents, upon the same conditions as in the preceding year, of £88 for every £100 stock, and six tickets at £12 : 10 each. The day for receiving the subscriptions was 8th May, and considerably more than the sum proposed was subscribed; in consequence of which, a proportionate reduction of each subscription was made. The money was paid half on the 15th July, and half on the 20th October, and the subscribers were entitled to the dividend due 5th July; the 3 per cent. Reduced and Old South-Sea Annuities being due in April and October, a quarter's payment was made on these to 5th July. The proportions subscribed in the different capitals were as follows:

* The act says £1,915,552 : 16 : 11¾.

† This was £150,000; being 60,000 tickets at £12 : 10, of which £600,000 was divided into prizes.

	£
3 per cent. Consol. ·····	424,500
3 per cent. Reduced ··	246,300
Old South-Sea Annuities	161,650
New South-Sea Annuities	124,200
3 per cents 1751······	43,350
	£1,000,000

The total capital of the public debts that had been discharged since the commencement of the war was as follows:

	£	s.	d.	
In 1765 ····	870,888	5	$5\frac{1}{2}$	bearing 4 per cent. interest.
1766 ····	870,888	5	$5\frac{1}{2}$	——— 4
1767 ····	2,616,776	10	10	——— 4
1768 ····	2,625,000	0	0	——— 4
1771 ····	1,500,000	0	0	——— $3\frac{1}{2}$
1772 ····	1,500,000	0	0	——— 3
1774 ····	1,000,000	0	0	——— 3
1775 ····	1,000,000	0	0	——— 3
	£11,983,553	1	10	

During which time there had been borrowed on 3 per cent. stock, in 1765, 1766, 1767, & 1768, £6,400,000.

CHAPTER XI.

The History of the National Debt, from the Commencement of the American War in 1775 *to its Conclusion in* 1783.

THE next session of parliament met 26th October, 1775, and as hostilities with America were now commenced, a considerable augmentation of forces was necessary; the land-tax for 1776 was therefore raised to 4*s*. in the pound: on this occasion it was asserted in the house of commons, that the rate to which the tax was now raised would be perpetual, as it must be found impossible in future to support the peace-establishment without it; experience has fully confirmed these assertions, the land-tax having been invariably continued at 4*s*. and no one can now expect to see it again reduced. In the following pages we shall, therefore, omit any farther notice of the land-tax, it being remembered that in each year it was continued

at 4*s.* with power to raise £2,000,000 by loans or exchequer-bills on the credit thereof.

The deficiencies made good in this session were:

	£	*s.*	*d.*
To replace to the Sinking Fund the deficiency on the 5th July, 1775, of the fund for the annuities on £5,000,000 borrowed in 1758	44,096	5	10½
Deficiency of grants for the year 1775	37,348	12	8½*
Ditto of land-tax	260,221	8	10
Ditto of malt-duty	189,778	11	2

To which may be added £1,000,000 granted towards the discharge of the navy-debt. £1,250,000, in exchequer-bills of the preceding year, was discharged in course, and the sums to be raised by new bills, as part of the ways and means for this year, was extended to £1,500,000. This additional sum, with the increase of the land-tax, were, however, far from being sufficient to answer the increase of the supplies voted, and a loan of £2,000,000 was found necessary. The terms were as follows: £1,400,000 on 3 per cent annuities from 5th April, 1776, and £600,000 on a lottery of 60,000 tickets, attended with 3 per cent. annuities, commencing from 5th January, 1777. Every subscriber of £100 to have for £70 thereof £77 : 10 3 per cent. stock, and, for the remaining £30, three lottery-tickets at £10 each. The instalments were as follows:

* The act says £37,348 : 12 : 7.

On the £1,400,000.		On the £600,000.	
15 per cent.	deposit.	15 per cent.	deposit.
15 ———	20th May.*	25 ———	14th June.
20 ———	28th June.	30 ———	10th August.
15 ———	31st July.	30 ———	3d October.
15 ———	10th September.		
20 ———	24th October.		

Those who paid in the whole on the £1,400,000 at any time between the 5th July and 7th September, or on the lottery, on or before the 8th August, were allowed discount at the rate of 3 per cent. per annum, from the day of completing the payment, to the respective days fixed for the last instalment. The terms of this loan, though some objections have been made to them,† were perhaps more moderate than those of any loan which has been negociated since; for, deducting £150,000 for the profits of the lottery, relinquished by government to the subscribers, the sum received is reduced to £1,850,000, and, in consideration for this, a debt was created of £2,150,000, the interest on which amounted to £64,500, and the management to £1209 : 7 : 6 per annum, making together an annual charge of £3 : 11 per cent.

The sums granted out of the Sinking Fund towards the supply for this year were the surplus of £980,441 : 1 : 1½, remaining in the Exchequer on the 5th April, 1776, and £1,837,428 : 3 : 10 out of the growing surplus of the fund, which the

* The act says 30th May.

† See Dr. Price's *Additional Observations on Civil Liberty*, page 90.

treasury were as usual empowered to raise by loans or exchequer-bills, and the Bank were authorised to advance the same.

Towards the close of the session, Lord North delivered a message from his Majesty, requesting a provision for any extraordinary expenses that might be incurred; in consequence of which a vote of credit was passed for £1,000,000.

1776.—In the next session, which began 31st October, the following deficiencies were made good:

	£	s.	d.
To replace to the Sinking Fund the like sum issued out of the same, to make good the deficiency on the 5th July, 1776, of the fund for the annuities on £5,000,000, borrowed in 1758	44,599	13	4¾
Deficiency of grants for the year 1776	61,288	7	1¾
Ditto of land-tax	250,000	0	0
Ditto of malt-duty	200,000	0	0

£1,000,000 was granted towards reducing the navy-debt. The sum of £1,500,000, in exchequer-bills of the preceding year, was discharged in course, and likewise the farther sum of £1,000,000, issued by virtue of the act for a vote of credit. The sum raised this year by exchequer-bills, as part of the ways and means, was, as in the preceding year, £1,500,000 charged as usual upon the first aids to be granted in the next session, or if none should be granted before 5th July, 1778, to be paid out of the Sinking Fund, and the money replaced from the first

supplies: the Bank were authorised to advance the same.

As the supplies voted exceeded those of the last year, a greater loan was found necessary: the amount was £5,000,000, with the farther sum of £500,000 by a lottery; the contributors towards the former sum being entitled, for every £100 advanced, to £100 4 per cent. stock, irredeemable for 10 years from the 5th April, 1777,* and likewise to an annuity of 10*s.* per cent. for ten years from the said 5th April, payable half-yearly at the Bank; and upon payment of the farther sum of £10, to have a ticket in the lottery of 50,000 tickets, amounting to £500,000, the whole of which was distributed into prizes, so that the subscribers had all the profit attending it. The instalments were as follows:

On £5,000,000.		On £500,000.	
15 per cent.	23d May.	15 per cent.	23d May.
15 ———	30th June.	25 ———	10th July.
15 ———	29th July.	30 ———	28th August.
20 ———	5th Sept.	30 ———	7th October.
15 ———	29th October.		
20 ———	1st Dec.		

Those who paid in the whole on the £5,000,000, on or before the 27th October, or, on the lottery, on or

* After the expiration of the tenth year, upon six months notice, to be printed in the London Gazette, and affixed upon the Royal Exchange, by authority of parliament, the whole or any part may be redeemed by payments of not less than £500 000 at a time.

before the 27th August, were allowed discount at 3 per cent. per annum, from the day of completing the payment to the 1st December on the former, and to the 7th October on the latter. The annuities were charged upon the Sinking Fund, and, in consequence, new taxes were added to the Fund. This method of making the interest, &c. on all the loans payable out of one general fund, was far preferable to that which had usually been adopted of establishing separate funds for each loan.

The sums granted out of the Sinking Fund towards the supply for this year were, the surplus of £295,832 : 18 : 6½ remaining in the Exchequer on the 5th January, 1777; £760,363 : 14 : 2½ remaining in the Exchequer on the 5th April; and £1,939,636 : 5 : 9¾ out of the future produce of the Fund, with the usual power of raising the latter sum by loans or exchequer-bills.

On the 10th April, a message from his Majesty, which had long been expected, was delivered by Lord North to the house of commons, being not only another application for the payment of civil-list debts, but likewise for "some farther provision "for the better support of his Majesty's household, "and of the honour and dignity of his crown." This application produced warm debates, which ended, as might be presumed, in agreeing to the object of it, by granting £618,340 : 9 : 6¼ to discharge the arrears and debts due upon the civil-list, on the 5th January, 1777, and £100,000 per annum, commencing from the 5th January, and payable out of the Aggre-

gate Fund, in addition to the clear income of £800,000 granted to his Majesty at the commencement of his reign. The Speaker of the house of commons, (Sir Fletcher Norton) on presenting the bill for the royal assent, addressed his Majesty in the following energetic terms:

"Most Gracious Sovereign,

"The bill, which it is now my duty to present "to your Majesty, is entitled *An Act for the better* "*Support of his Majesty's Household, and of the* "*Honour and Dignity of the Crown of Great Bri-* "*tain*, to which your Commons humbly beg your "royal assent.

"By this bill, Sir, and the respectful circumstances "which preceded and accompanied it, your Com- "mons have given the fullest and clearest proof of "their zeal and affection for your Majesty: for, in a "time of public distress, full of difficulty and dan- "ger, their constituents labouring under burthens "almost too heavy to be borne, your faithful Com- "mons postponed all other business, and, with as "much despatch as the nature of their proceeding "would admit, have not only granted to your Ma- "jesty a large present supply, but also a very great "additional revenue; great beyond example; great, "beyond your Majesty's highest expense!

"But all this, Sir, they have done, in a well- "grounded confidence, that you will apply wisely "what they have granted liberally; and feeling, what "every good subject must feel with the greatest sa-

" tisfaction, that, under the direction of your Ma-
" jesty's wisdom, the affluence and grandeur of the
" Sovereign will reflect dignity and honour upon the
" people."

For this manly effusion of genuine patriotism Sir Fletcher received the thanks of the house, and his speech was desired to be printed, notwithstanding it gave great offence to many persons then in power, who seemed alarmed that any thing but adulation should reach the ear of royalty. The freedom of the city of London was also conferred upon him on this occasion. The royal income at this time, including the revenue of Hanover, Wales, &c. was estimated at £1,302,000, and the total expenditure from 6th January, 1776, to 5th January, 1777, £984,100.

A vote of credit, as usual, was passed for £1,000,000 to be raised on loans or exchequer-bills, charged upon the first supplies of the next session, with the collateral security of the Sinking Fund.

Amount of the National Debt, 5th January, 1776.

	Capital. £	s.	d.		Int. & Management. £	s.	d.
Annuities for long terms, original sum	1,836,275	17	10¾*		136,453	12	8
Ditto for lives with survivorship, ditto	108,100	0	0		7,567	0	0
Various life annuities	840,781	0	0		79,366	0	0
Exchequer-bills for interest of old bills	2,200	0	0				
East-India Company's capital and annuities	4,200,000	0	0		127,687	10	0
Bank capital	11,686,800	0	0		356,502	3	5
3 per cent. Consolidated Annuities	38,251,696	5	1¼		1,169,067	9	4
3 per cent. Reduced Annuities	18,353,773	16	4		560,937	4	0
3½ per cents 1758	4,500,000	0	0		160,031	5	0
4 per cents 1760 and 1762	18,986,300	0	0		770,131	15	10½
South-Sea stock and annuities	24,065,084	13	11½		735,974	13	11
Ditto 3 per cents 1751	1,919,600	0	0		58,667	15	6

3 per cent. Annuities 1726	1,000,000	0	0	30,360	0	0	
Long annuities, 84 years at 4 per cent.	6,060,110	14	10	251,741	0	0	
*	131,810,722	8	1½	4,444,487	9	8½	
Exchequer-bills	1,250,000	0	0				
Navy-debt	1,850,000	0	0				
Civil-list debt	500,000	0	0				
	135,410,722	8	1½				

* The capital originally advanced, as above, was less than the real value of the annuities, even at the period of this statement, after the annuities had been paid so many years:

£56,230 : 14 : 6 average 15 years value, at 4 per cent.	£ 625,195
80,222 : 18 : 2 average 36 years ditto	1,387,214
	£ 2,012,409

1777.—Although France had not actually engaged in the war, when the next session began, 20th November, the probability of this event rendered it necessary to augment the naval force, and the total of the supplies voted considerably exceeded that of the preceding year. The deficiencies made good were:

	£	s.	d.
To replace to the Sinking Fund the deficiency of the fund for the annuities on £5,000,000 borrowed in 1758, to 5th July, 1777	43,621	10	9¾
Deficiency of grants for the year 1777	38,493	2	7½
Ditto of the land-tax	252,000	0	0
Ditto of the malt-duty	200,000	0	0

The exchequer-bills of the last year, amounting to £1,500,000 with £1,000,000, issued pursuant to the vote of credit, were paid off, in course, and the sums of £1,500,000 and £500,000 raised by new exchequer-bills, as part of the ways and means, besides a vote of credit for one million. All these sums were charged upon the aids of the next session, or if none should be granted before 5th July, 1779, to be paid out of the Sinking Fund, and the money replaced from the next supplies.

The loan found necessary to answer the supplies granted was £6,000,000; the terms of which were as follows: every subscriber of £100 to have £100 3 per cent. stock, and an annuity of £2 : 10, for the term of 30 years, both commencing from the 5th January, 1778, with liberty to have, instead of the

annuity for 30 years, a life-annuity, payable half-yearly at the Exchequer; and, as a farther advantage, the subscribers were allowed, upon payment of the additional sum of £10 per ticket, for every £500, four tickets in a lottery of 48,000 tickets,* amounting to £480,000, the whole of which was distributed into prizes. This, according to the practice established of late, was left to be paid out of the supplies of the next session. The instalments were as follows:

On the £6,000,000.		On the £480,000.	
10 per cent.	deposit.	15 per cent.	deposit.
10 ———	14th April.	20 ———	28th April.
15 ———	19th May.	20 ———	3d July.
10 ———	23d June.	20 ———	25th July.
15 ———	4th August.	25 ———	9th October.
10 ———	15th September.		
10 ———	23d October.		
10 ———	20th November.		
10 ———	18th December.		

Those who paid in the whole on the six million on or before the 17th of November, or on the lottery on or before the 21st of August, were allowed discount at 3 per cent. per annum, from the day of completing the payment to the 18th of December

* In the preceding year there were upwards of 400 lottery-offices in and about London only; but a late act obliging the keepers of them to take out licences, at the expense of £50, the whole number in this year, for all England, as appears by the list published by authority, amounted to no more than 51.

on the former, and to the 9th of October on the latter. The subscribers were allowed till the 22d of December, the option of nominating lives in lieu of the annuity for thirty years; but the latter were generally preferred; the life-annuities amounting to £2,849 : 13 : 0 only; the annuities for thirty years to £147,150 : 7 : 0.

The sums granted out of the Sinking Fund towards the supply were, the surplus of £703,790 18 : 3½, remaining in the Exchequer on the 5th of April; and £2,296,209 : 1 : 8½ out of the growing produce of the Fund.

In the course of this session a motion was made for granting, during the continuance of the war, *one fourth* part of the net income upon the salaries, fees, and perquisites, of all offices under the crown, (with certain exceptions,) and of all pensions payable at the Exchequer. This motion was made by a gentleman *in office*, and was actually carried in the committee of ways and means by a majority of 18! It is scarcely necessary to add, that it was afterwards rejected.

1778.—As the war was extended, both in its object and importance, by hostilities with France, which commenced about the middle of the year 1778, it became necessary, in the session which met the 25th of November, to vote a farther augmentation of the forces; which, of course, increased the supplies to be raised. The deficiencies made good were:

	£	s.	d.
To replace to the Sinking Fund the deficiency of the 5th July, 1778, of the Fund for the annuities on the loan of 1758	40,540	0	0
To replace to ditto the deficiency on 5th July, 1778, of the Fund for the annuities on the loan of 1778	98,891	3	8
Deficiency of grants for the year 1778	66,744	4	3¾
Ditto of land-tax	250,000	0	0
Ditto of malt-duty	200,000	0	0

The exchequer-bills of the preceding year, consisting of the several sums of £1,500,000, £500,000, and £1,000,000, (the latter being the vote of credit,) were discharged in course; and the sum raised by new bills, as part of the ways and means for the current year, was increased to £1,500,000 and £1,900,000, besides the vote of credit for £1,000,000, which were all charged upon the aids to be granted in the next session.

The loan for this year was £7,000,000, and was raised upon the following terms: Every £100 advanced to entitle the contributor to £100 three per cent. Consols, and to an annuity of £3 : 15 : 0 for 29 years, payable half-yearly at the Bank, or to a life-annuity, payable half-yearly at the Exchequer; and, also, to be entitled, for every £1000 contributed, to seven tickets, in a lottery of 49,000 tickets, upon paying the farther sum of £10 for each ticket, amounting to £490,000, the whole of which was divided into prizes.

The payments were made as follows:

On £7,000,000.		On £490,000.	
15 per cent.	2d March.	15 per cent.	2d March.
10 ———	23d April.	20 ———	9th April.
15 ———	28th May.	25 ———	7th May.
10 ———	25th June.	20 ———	11th June.
15 ———	23d July.	20 ———	8th October.
15 ———	27th August.		
10 ———	22d October.		
10 ———	19th Nov.		

Those who paid in the whole on the seven million on or before the 19th October, or on the lottery on or before the 8th of June, were allowed discount at 3 per cent. per annum, from the day of completing the payment to the respective days of the last instalments. The annuity on the lives nominated amounted to £5,318 : 18 : 7, and the annuity for twenty-nine years to £257,181 : 1 : 5.

The sum granted out of the Sinking Fund, towards the supply for this year, was £2,071,854 13 : 8½.

1779.—As Spain had joined in the war against this country, previous to the opening of the session, which met the 25th November, a farther augmentation of the forces became necessary, and of course the supplies for 1780 exceeded those for the preceding year.* The deficiencies made good were:

* The great expenses of the war, the shameful abuses by which they were augmented, the rapid increase of the debt, and the terms on which the late loans had been made, induced the late Dr. Price, with the assistance of another eminent character, to endeavour to rouse the attention of their countrymen to a sense of these increasing evils, in an excellent publication under the title of *Facts*, which appeared in the beginning of the year 1780.

	£	s.	d.
To replace to the Sinking Fund the deficiency on 5th July, 1779, of the Fund for the annuities on the loan 1758	37,372	18	9½
To ditto 1778	332,856	4	5½
To ditto 1779	167,036	14	1½
Deficiency of grants for the year 1779	300,687	0	7
Ditto of land-tax	250,000	0	0
Ditto of malt-duty	200,000	0	0

The exchequer-bills of the last year, amounting to £1,500,000 and £1,900,000, were discharged in course, and the like sums raised by new exchequer-bills, charged upon the first aids to be granted in the next session. £1,000,000 in exchequer-bills, issued by virtue of the act for a vote of credit, was likewise discharged, and a vote of credit passed for the same sum. £1,500,000 was granted towards reducing the navy-debt.

The amount of the loan for this year was £12,000,000; the terms as follows: Every £100 advanced, to entitle the contributor to £100 four per cent. stock, with interest from 5th January, 1780, irredeemable for seven years and a quarter; and to an annuity of £1 : 16 : 3 for the certain term of 80 years, from the 5th of January, 1780. Even this was not thought sufficient, and the profits of a lottery were again given as a douceur to the subscribers, every contributor of £1000 being entitled to have four tickets, upon payment of the farther sum of £10 per ticket, amounting in the whole to

£480,000, all which was divided into prizes. The instalments were as follows:

On £12,000,000.		On £480,000.	
15 per cent.	deposit.	15 per cent.	deposit.
10 ———	26th May.	20 ———	12th May.
10 ———	28th April.	25 ———	14th July.
10 ———	23d June.	20 ———	12th Sept.
10 ———	21th July.	20 ———	10th October.
15 ———	29th August.		
10 ———	26th Sept.		
10 ———	24th October.		
10 ———	24th Nov.		

Those who paid in the whole, on or before the 23d October, on the 12 million, or on or before the 11th September on the lottery, were allowed discount at 3 per cent. per annum, from the day of completing the payment to the 24th November on the former, and to the 10th October on the latter. A quarter's annuity on the 4 per cents, to the 5th of April, 1780, was to be paid as soon after the 5th of April as the subscriber should have completed his payment, and afterwards to be consolidated with the 4 per cents 1777, and payable half-yearly.

The sums granted out of the Sinking Fund were the surplus of £650,457 : 18 : $0\frac{1}{4}$, remaining in the Exchequer on the 5th April, 1780, and £1,849,542 1 : $11\frac{3}{4}$ out of the growing produce of the Fund; which latter the Treasury were empowered to raise by loans or exchequer-bills upon credit of the Fund; and the Bank were authorised to advance the same.

On the 21st of March the house of commons resolved, that the Speaker should give notice to the East-India Company, that the debt of £4,200,000, which the public owed them, with all arrears of interest, would be paid on the 5th April, 1783: this was required by act of parliament, previous to the determination of their exclusive privileges. The notice was given accordingly, though it cannot be supposed, that, at a time when the 3 per cent. India annuities were under 60, and none of our 3 per cent. stocks above 61, that there could be any intention of carrying it into execution. It was intended merely as a preparatory step towards a new agreement with the Company for the renewal of their charter.

The great expense of the war, which was rapidly increasing, and the great abuses attending the expenditure, began to engage general attention. The example of France* might, probably, have some effect in exciting a sense of the importance of an economical reform in the administration of the finances. Mr. Burke brought forward his unsuccessful plan for a reform of the civil-list establishment, which occupied the attention of the house of commons during a considerable part of the session. But the only measure towards a reform in the other branches of the

* The public revenue in France had been considerably augmented by the economy and reformation introduced into the several departments of the finances, under the direction of M. Neckar. See the *Edicts* of 17th October, and 3d December, 1779; and, *The State of the Finances of France*, laid before the king in the month of January, 1781, by M. Neckar, Director-General of the finances.

public expenditure was the preparatory step of appointing a commission* to examine and state the public accounts, who were directed to take an account of the public money in the hands of the several accountants, and to consider what sum it might be proper to leave in the hands of each accountant for carrying on the services to which the same was applicable, and what sums might be taken out of their hands for the public service. As the commission was appointed late in the session, and had to call for accounts that could not be immediately furnished, they did not make any report till the next session.

1780.—The first session of the new parliament met the first of November; and, a still farther augmentation of the forces being thought necessary, the supplies voted exceeded in amount those for any former year; but, previous to the account of the debts discharged or incurred, it may be proper to notice the reports of the commissioners of accounts: these were made at different times in the course of the session. The first is dated the 27th November, 1780, by which it appears, that the balances in the hands of the Receivers General, for the taxes on land, win-

* 20 Geo. III. c. 54. The preamble to the act states, that the object of appointing the committee was, "that his Majesty and the "people of this kingdom may be satisfied and truly informed, whe- "ther all the said duties, taxes, and moneys, raised and appropria- "ted for the public service of this kingdom, have been faithfully is- "sued out, disposed, ordered, and expended, for the ends and "purposes for which they were granted, &c."

dows and houses, servants, and inhabited houses, amounted together to the sum of £657,400 : 13 : 4; that the only services to which these sums were applicable, in the hands of the respective accountants, were to the payment of the marching-guinea, pursuant to the militia-act of 2 Geo. III. and a farther payment, on account of the militia, by 20 Geo. III. that the chief pretence on which these large sums were retained in the hands of the Receivers General was the insufficiency of the salary of two pence in the pound: that there had not only arisen an unnecessary expense of upwards of £13,000 *per annum*, which the public had been obliged to pay for want of the use of their own money, but that, out of £113,161 : 7 : 2½, arrears in the hands of defaulters, £24,257 : 7 : 2¾ was actually lost upon composition, and that the recovery of a great part of the remainder was doubtful. The report farther states, that, as there were no services to which the sums in the hands of the receivers were applicable but what might be defrayed out of the current receipts of the taxes, it was not proper to leave any part of the before-mentioned sum of £657,400 : 13 : 4 in the hands of the Receivers General, but that the same ought to be paid into the Exchequer, by such instalments as might be thought reasonable in regard to a practice of so long continuance.

The second report is dated the 31st January, 1781, and relates to all the remaining branches of the public revenue. With respect to the customs, excise, stamp-office, salt-office, office for licensing hawkers

and pedlers, and office for hackney coaches and chairs, it is observed, that the punctuality and expedition with which the duties collected in these offices pass from the pocket of the subject into the Exchequer, leaves no room to suggest any alteration in the time or manner of paying in the same; and the commissioners were of opinion, that the method established in these offices, of paying the balance every week into the Exchequer, ought to be adopted in the post-office. The first-fruits, and tenths, and the deductions of sixpence and one shilling in the pound from pensions and salaries, they conceived were retained too long in the hands of the respective receivers; observing, that there exists no reason why the public should not have the custody and use of public money, rather than an individual, until the service to which it is appropriated calls for its application.

The 3d report, which is dated 6th March, 1781, relates entirely to the treasurers of the navy, who, it appeared, had been permitted, and were in some measure, from the mode in which the business of the office was conducted, under the necessity of retaining large sums in their hands, for many years after they were out of office; in consequence of which, there was, at the time of this report, a sum of £27,611 : 6 : 5¼, remaining due from the executors of Viscount Falkland, whose final account is dated 4th April, 1689, which, of course, might be considered as a loss arising from this practice: that the final accounts of Mr. Grenville, who resigned in

1762; of Lord Barrington, who resigned in 1765; of Lord Howe, who resigned in 1770; and of Sir Gilbert Elliott, who died in 1777, were then not settled;* and that a balance considerably greater than the service required was constantly left in the hands of the treasurer; all which circumstances have undoubtedly contributed to the great and increasing expense of this branch of the public service.

In the 4th report, dated 9th April, 1781, they observe, that, after the Treasurers of the Navy, they find the names of many persons whose accounts had not been prosecuted for upwards of *seventy* years; giving these up as hopeless, they proceeded to the accounts of the pay-masters of the forces, whose final accounts they found were not delivered till several years after they went out of office, and that they retained a considerable sum in their hands long after. The account of the Earl of Lincoln, delivered in 1720, being imperfect, had been withdrawn and not returned to the office, and there appeared no chance of recovering any part of the balance; the final account of Lord Holland, who resigned in 1765, was not delivered till 1772, and the balance still re-

* Pursuant to an act passed in this session, the following sums were paid into the Exchequer, on account of these balances, and applied towards the supplies for 1781:

	£	s.	d.
By the executors of Geo. Grenville, Esq.	11,582	15	9¼
By Lord Barrington	9,316	9	10¾
By Lord Howe	9,969	0	4½
By executors of Sir Gilbert Elliott	6,000	0	0

maining in the hands of his executors amounted to £256,456 : 8 : 2; the balances remaining on the accounts of Mr. C. Townshend, who resigned in 1766; of Lord North and Mr. Cooke, who resigned in 1767; and of Mr. Cooke and Mr. Townshend, who resigned in 1768; were not so great, amounting, with the former sum, to £377,788 : 5 : 7.* The loss sustained by the public, from not having the use of the money remaining in the hands of Lord Holland and his above-mentioned successors, the commissioners compute, at 4 per cent. per annum, amounted at *simple interest* to £294,836 : 14; can it be wondered that, under such management, our expenses and our debts have been so rapidly increasing?

In the 5th report, dated 10th August, 1781, the commissioners enter into an examination of the receipts and issues of the paymaster-general of the forces, and the mode in which the accounts of the office were kept, pointing out the great and unnecessary loss and risk, from constantly leaving in the hands of the paymaster-general a large sum of public money, not employed in the public service, and suggesting the propriety of taking away from this officer the custody of the public cash, and placing it in the Bank, to be drawn for as the service required.

* The following sums were paid into the Exchequer on account of these balances, and applied towards the supply for 1781:

By the executor of Lord Holland	232,515	4	8
Administrators of C. Townshend, Esq.	27,000	0	0
Lord North and the executors of G. Cooke, Esq.	60,075	5	10
Right Hon. T. Townshend and ditto	11,181	7	0

To return to the supplies for 1781, the deficiencies to be made good were:

	£	s.	d.
Deficiency on 5th July, 1780, of the fund for the annuities on the loan of 1758	30,999	11	2
Ditto of the fund for annuities on loan of 1778	191,664	7	2
Ditto ditto 1779	193,663	0	1¾
Ditto ditto 1780	222,745	4	6
Ditto of ways and means for the year 1780	8,551	8	8¾
Ditto of land-tax	252,978	11	0
Ditto of malt-duty	43,717	2	11¾

The exchequer-bills of the preceding year were discharged, in course, amounting to £1,500,000, with £59,678 : 1 : 7 for interest and charges thereon: £1,900,000, with £41,489 : 3 : 5¾ for interest and charges, and £1,000,000 on the vote of credit, with £33,261 : 2 : 9 for interest and charges; and the like sums of £1,500,000 and £1,900,000 were raised by exchequer-bills, as part of the ways and means charged upon the supplies of the next session, with the collateral security of the Sinking Fund; also the farther sum of £2,000,000, which the Bank agreed to advance* on exchequer-bills, bearing 3 per cent. interest, to be repaid out of the supplies for 1784, be-

* This was to be advanced in two payments, viz. £1,000,000 on or before 15th November, 1781, and £1,000,000 on or before the 15th February, 1782; in consideration of which, the fund of £100,000 per annum, determinable by the agreement of 1764, upon 12 months notice after 1st August, 1786, was continued to them with their exclusive privileges, subject to redemption upon 12 months notice after 1st August, 1812.

sides the usual vote of credit for £1,000,000. Yet, even with this additional assistance from the Bank, and grants of more than £400,000 out of the balances remaining in the hands of several of the public accountants, and £400,000 from the East-India Company, a loan to the amount of £12,000,000 was found necessary, which was obtained at a less interest, but with a much greater increase of debt, than in the preceding year, viz. every £100 advanced to entitle the contributor to £150 3 per cent. stock, and to £25 4 per cent. stock, the interest on both to commence from 5th January, 1781; on this account a quarter's interest was paid on the 4 per cents in order to make the half-yearly payments due at the same time with the former 4 per cents. Every contributor of £1000 was likewise entitled to have four tickets in a lottery of 48,000 tickets, upon payment of the farther sum of £10 for each ticket, amounting to £480,000, the whole of which was divided into prizes: the deposit was 15 per cent. on the whole; the subsequent instalments as follows:

On £ 12,000,000		On £ 480,000	
10 per cent.	27th April.	20 per cent.	11th May.
10 ———	18th May.	25 ———	10th July.
10 ———	14th June.	20 ———	11th Sept.
10 ———	24th July.	20 ———	9th October.
15 ———	21st August.		
10 ———	18th Sept.		
10 ———	23d October.		
10 ———	23d Nov.		

Those who paid in the whole on the £12,000,000 before the 22d of October, or on the £480,000 on or before the 10th September, were allowed discount at 3 per cent. per annum, from the day of completing the payment to the 23d November on the former, and to the 9th October on the latter, the annuities not to be payable till the subscribers had completed the whole of the payments. The terms of this loan were very severely censured in the house of commons, and a list of the subscribers, specifying the sum subscribed by each, was laid before the house. In the house of lords, a protest was entered against it.

The sums granted out of the Sinking Fund towards the supply were £288,346 : 19 : 8, the surplus remaining in the Exchequer on the 5th January, 1781; £757,087 : 17 : 10, remaining in the Exchequer on the 5th April, and £1,742,912 : 2 : 2 out of the growing produce of the Fund.

As the term for which the loan of 1760 and 1762 carried 4 per cent. interest expired 5th January, 1781, the capital thereof, which had been reduced by the subscription in 1770 to £18,986,300, was now consolidated with the 3 per cent. Reduced Annuities, and the proprietors were allowed till the 20th March to signify their dissent to the measure.

Notwithstanding the disgrace and disasters of the campaign of 1781, the hopeless contest was still to be prosecuted; and in the next session, which began the 27th November, an additional number of seamen were voted. The deficiencies made good were:

		£	s.	d.
Deficiency of the Fund for annuities	1758	35,149	8	0½
Ditto	1778	183,380	3	8
Ditto	1779	102,806	9	0
Ditto	1780	153,193	8	11
Ditto of ways and means for the year	1781	19,667	5	11¾
Ditto of land-tax		256,964	8	7½
Ditto of malt-duty		163,035	11	4½

The exchequer-bills of the preceding year, viz. £1,500,000, £1,900,000, and £1,000,000 on the vote of credit, were discharged, in course, and the like sums raised on new exchequer-bills, as part of the ways and means, and on the vote of credit for the current year.

There being no temporary resources, as in the last year, a loan of £13,500,000 was found necessary, a greater sum than had ever before been raised at one time; the terms were as follows: every £100 advanced entitled the contributor to £100 3 per cent. Consolidated Annuities; £50 four per cent. Consolidated Annuities, and an annuity of 17*s.* 6*d.* for 78 years; the interest of the 3 per cents and the long annuity to commence from 5th January; the interest of the 4 per cents. from 5th April; and, as a farther douceur, every contributor of £1000 was entitled to have three tickets in a lottery of 40,500 tickets, amounting in the whole to £405,000, upon payment of the farther sum of £10 for each ticket. The deposit was 15 per cent. upon the whole, th subsequent instalments as follows:

On the £13,500,000.		On the £405,000.	
10 per cent.	12th April.	20 per cent.	28th May.
10 ———	7th May.	25 ———	9th July.
10 ———	13th June.	20 ———	10th September.
10 ———	19th July.	20 ———	11th October.
15 ———	22d August.		
10 ———	20th September		
10 ———	24th October.		
10 ———	26th November.		

Those who paid in the whole on the £13,500,000 by the 23d October, or on the £405,000 on or before the 9th September, were allowed discount at 3 per cent. per annum, from the day of completing the payment to 26th of November, on the former, and to the 11th October on the latter. The bonus on this loan was stated by Lord North, on opening the budget, 25th February, 1782, at only 2 per cent. viz.

	£	s.	d.
£100, 3 per cents at 54······	54	0	0
£50, 4 per cents at 67········	33	10	0
17*s.* 6*d.* long annuity, at 15½··	13	11	3
Profit on tickets··············	0	18	9
	£102	0	0

To this, however, should be added the discount on prompt payment, which would make the bonus upwards of 3½ per cent.

The term for which the capital of £4,500,000, part of the loan of 1758, carried 3½ per cent. interest expiring the 5th July, 1782, a clause was introduced into the first exchequer-bill act of this session, for adding the same to the capital of the 3 per cent con-

sols, by enacting that such proprietors as should not on or before the 6th of June signify their dissent to such consolidation, should be deemed to have assented thereto.

The sums granted out of the Sinking Fund, towards the supply for this year, were £255,476 1 : 10¾; the surplus remaining in the Exchequer on October, 1781; £615,284 : 9 : 4 remaining in the Exchequer on 5th April, 1782;* and the sum of £2,284,715 : 10 : 8 out of the growing produce of the Fund.

The sixth report of the Commissioners of Accounts is dated 9th February, 1782, and was presented to the house of commons on the 11th February; it contained a detail of the fees and gratuities paid or given in collecting, issuing, expending, and accounting for, the public money; and shews not only a considerable diminution of the public money, in passing into and from the Exchequer, but also a considerable number of places with little or no employment for the holders of them; while in the pay-offices of the navy

* The act (c. 67.) says £200,000 out of the surplus remaining in the Exchequer on 10th October, 1781; and £670,760 : 11 : 2⅝ of the surplus on 5th April, 1782.

March 27th, the Marquis of Rockingham was constituted First Lord of the Treasury, and Lord John Cavendish Chancellor of the Exchequer; but, in July following, on the death of the Marquis, the latter resigned, and was succeeded by Mr. Pitt, and the office of First Lord of the Treasury was filled by the Earl of Shelburne.

and army considerable emolument attended delay, and, of course, accounts were left many years unsettled. The fee of poundage, by the immense increase of our annual expenditure, had become of great magnitude; it appeared that, in the year 1780, this allowance was paid at the Exchequer on nearly £16,000,000, amounting to upwards of £62,225; of which much the greater part was paid to officers for transacting either very little or no business at all. The total of the emoluments accruing in that year to the *ineffective* officers of the Exchequer amounted to £45,332.

The seventh report of the Commissioners of Accounts is dated the 18th June, 1782; the subjects of it are the accounts of extraordinary services incurred and not provided for by parliament, which had been laid before the house of commons since 1st January, 1776; and the report justifies the suspicion of abuse in this branch of the expenditure, by admitting that the officers, entrusted with this part of the public money, have been permitted to have an interest themselves in the subject matter of expense; and that the vouchers, by which the accountants discharge themselves of the sums entrusted to them, are allowed without having undergone sufficient examination: that of £10,083,863 : 2 : 6, issued for these services to *North America*, within the last six years, the expenditure of about £8,760,000 still remained to be accounted for; and that of this sum there had been issued to Canada, between 1st June, 1776, and 23d October, 1781, £2,236,029 : 11 : 7, a province

whose military operations, since 1777, the public were not made acquainted with, and upon the expenditure of which they knew of no existing check or controul whatever.

The Earl of Stair, who had paid considerable attention to the national finances, in a pamphlet published in 1782, solemnly declares it to be his opinion, after a most careful and laborious investigation, that the state was then *burthened to its utmost solvency*, and the public revenue would never reach thirteen millions. *Facts and Consequences, &c. by John Earl of Stair*, page 24.

The original object of the war had for some time past become hopeless; and, the general sense of the people being strongly for peace, a treaty was set on foot; and, on 23d November, letters were sent from the Secretary of State to the Lord Mayor and the Governor of the Bank, acquainting them, for the information of the public, and to prevent the mischiefs arising from speculations in the funds, that the negociations carrying on at Paris were brought so far to a point as to promise a decisive conclusion, either for peace or war, before the meeting of parliament, which, on that account, was to be prorogued to the 5th December.

CHAPTER XII.

The History of the National Debt, from the Conclusion of the American War in 1783, *to the War which commenced in* 1793.

THE next session was opened on the 5th December, 1782, with a speech of unusual length, particularly in that part addressed to the house of commons, which is generally very concise. After adverting to various financial subjects, the National Debt is noticed in the following words: "I must recommend to "you an immediate attention to the great objects of "the public receipts and expenditure, and, above all, "to the state of the public debt: notwithstanding "the great increase of it during the war, it is to be "hoped, that such regulations may be still esta-"blished, such savings made, and future loans so "conducted, as to promote the means of its gradual "redemption by a fixed course of payment. I must "with particular earnestness distinguish, for your se-"rious consideration, that part of the debt which

"consists of navy, ordnance, and victualling, bills; "the enormous discount upon some of these bills "shews this mode of payment to be a most ruinous "expedient."

The preliminary articles of peace were signed 20th January, 1783, and one of the principal grounds on which they were defended was the impoverished state of our finances, from which it was asserted, that a continuance of the war would be attended with nothing short of certain ruin. The deficiencies made good were as follows:

	£	s.	d.
Deficiency on the 5th July, 1782, of fund for annuities 1758	46,444	0	11
Ditto annuities 1778	160,191	8	8¼
Ditto 1779	63,888	8	7½
Ditto 1780	141,871	7	7¾
Ditto 1782	138,682	17	4
Ditto of grants for the year 1782	282,502	8	2
Ditto of land-tax 1781, at Michaelmas, 1783 ..	188,802	7	4¼
Ditto of malt-duty 1781, at Lady-day, 1783 ..	155,056	15	8

The exchequer-bills of the preceding year, amounting to £1,500,000, and £1,495,000 with £1,000,000 on the vote of credit, were paid off in course; and the sums of £1,000,000 and £1,500,000, raised by

On 31st March Mr. Pitt resigned his office of Chancellor of the Exchequer, and was succeeded by Lord John Cavendish; but, on a change of ministers in December following, he again came into office.

new exchequer-bills, as part of the ways and means, charged upon the first aids of the next session, with the collateral security of the Sinking Fund.

As the late ministry had exhausted the Treasury, the new Chancellor of the Exchequer, upon coming into office, found himself almost immediately under the necessity of negociating a loan of £12,000,000, the terms of which were settled with eleven principal bankers, who took £700,000 each; the remainder was divided amongst the other bankers, public companies, and the clerks in public offices. The terms were laid before the house of commons on 16th April, and, after some objections, agreed to as follows: every £100 advanced to entitle the contributor to £100 3 per cent Consolidated Annuities, with interest from 5th January; £25 4 per cent Annuities from 5th April; and an annuity of 13*s.* 4*d.* for 77 years, from the 5th January: every contributor of £1000 was likewise entitled to have four tickets in a lottery of 48,000 tickets, upon payment of the farther sum of £10 per ticket, amounting in the whole to £480,000. The deposit was 15 per cent. the subsequent instalments as follows, viz.

On £12,000,000.		On £480,000.	
10 per cent.	30th May.	20 per cent.	3d June.
15 ———	27th June.	25 ———	11th July.
10 ———	29th July.	20 ———	9th September.
15 ———	29th August.	20 ———	3d October.
10 ———	26th September.		
15 ———	31st October.		
10 ———	5th December.		

Those who paid in the whole on the £12,000,000 on or before the 30th October, or on the lottery on or before the 8th September, were allowed discount at 3 per cent per annum, from the day of completing the payment to the 5th December on the former, and the 3d October on the latter. The bonus on this loan, according to the price of stocks, on the day on which the terms were settled, was about £3 : 10 per cent. but it soon bore a premium of 6½ per cent. and afterwards got up to 8½ per cent. however, by the time of the fourth payment it was at par, and afterwards at a discount.

It had been, and still continues to be, the almost invariable practice of the Bank, after the first or second payments have been made by the subscribers, to advance nearly the whole of the remaining instalments as they become due; this year, however, they thought it prudent to decline making the customary advances, in consequence of the gradual decrease of their cash; but, about August or September (the payments being lighter, and the prospects of the Bank more promising) they were induced to take in the loan, notwithstanding their actual quantity of cash was less than in May, when the measure was first objected to.

The sum granted out of the Sinking Fund towards the supplies for this year was £2,200,000, with the usual power of raising the same by loans or exchequer-bills upon credit of the Fund.

By an Act, (23 Geo. 3. c. 82.) for establishing certain regulations respecting offices in the Exchequer,

a proportion of the fees of the regulated offices, beyond certain allowances, is directed to be paid towards the uses of his Majesty's civil government, which is the last addition that has been made to the civil-list revenue.

The 8th report of the Commissioners of Accounts, dated 20th December, 1782, relates to the mode of passing the public accounts, and shews that many of the existing forms of the Exchequer were attended with unnecessary trouble, delay, and expense, while the power of compelling the public accountants to come to an account had become quite nugatory from the sanction of precedent. The writs issued by the remembrancer of the Exchequer, against persons who had millions to account for, were never executed; it had become a matter of course for the sheriffs, in return, to give it under their hands, and confirm it by oath in the Court of Exchequer, "That the Trea-"surer of the Navy is not to be found, either in the "city of London or in the county of Middlesex; "and that the paymaster-general of the forces has "neither lands nor chattels in either of those dis-"tricts, by which he can be distrained."

The East-India Company were at this time under considerable difficulties, being not only unable to pay the duties due from them to government, but to make any dividend to the proprietors: government, therefore, lent them £300,000 in exchequer-bills, and the Bank advanced the money on them at 4 per cent. interest, which enabled the Company to pay the dividend.

1783.—The next session began 11th November; and, a dissolution of parliament being soon after expected, in consequence of a change of ministers, the house of commons, on the 19th of December, deferred the third reading of the land-tax act, with a view of preventing this measure; and, on the 12th January, 1784, they passed a resolution, that, if any person in the Treasury, Exchequer, or Bank of England, employed in the payment of public money, should pay any money for the services voted in this session, after the parliament shall have been prorogued or dissolved, (if it be prorogued or dissolved before any act shall have passed appropriating the supplies to such services,) it would be a high crime and misdemeanor, a daring breach of the public trust, derogatory to the fundamental privileges of parliament, and subversive of the constitution of the country. The mutiny-bill was at the same time postponed.

The land-tax act being passed, the parliament was dissolved on the 25th March. The next parliament met on the 17th May, and soon after proceeded to grant the supplies for the year, which included the following sums for deficiencies, viz.

			£	s.	d.
To replace to the Sinking Fund the deficiency of the Fund for the annuities on the loan of the year	1758	to 5th July, 1783	23,556	2	7
Ditto	1778	ditto	*168,090	2	9¾
Ditto	1779	ditto	73,339	19	8

* The act says £168,019 2 9¾

			£	s.	d.
Ditto················	1780 to 10th Oct. 1783		207,909	10	3
Ditto···············	1782	5th July, ——	435,888	19	2
Ditto···············	1783	10th Oct. ——	24,943	5	0½
Deficiency of grants for the year 1783········			36,814	15	5¾
Ditto of malt-duty····	1782 at Lady-day, 1784		442,107	6	10
Ditto of land-tax ····	1782 Michaelmas, 1784		231,772	4	8¼

The exchequer-bills of the preceding year,* amounting to £1,000,000, and £1,169,400, were discharged in course, and the sums of £1,500,000, and £1,000,000, granted to be raised by exchequer-bills, as part of the ways and means for this year, charged as usual on the first aids of the next session, with the collateral security of the Sinking Fund.

On the 30th of June, Mr. Pitt laid before the house the terms of the loan of £6,000,000, which was found necessary towards making good the remaining expenses of the late war; they were as follows: Every £100 advanced to entitle the contributor to £100 three per cent Consolidated Annuities, interest commencing from 5th July; £50, four per cent Consolidated Annuities, interest commencing from 5th April; and *5s. 6d.* annuity for 75½ years, from 5th July. Also, for every £1000 subscribed, to be entitled to have six tickets in a lottery of 36,000 tickets, upon payment of the farther sum of

* The repayment of £2,000,000, advanced by the Bank on exchequer-bills, towards the supply for 1781, was deferred by successive postponements to 5th January, 1787, and the interest thereon continued at 3 per cent.

£10 per ticket.* The deposit was 15 per cent. upon the whole; the subsequent instalments as follows:

On £6,000,000.	On £360,000.
15 per cent. 16th August.	15 per cent. 20th August.
15 ——— 17th September	30 ——— 24th September.
20 ——— 27th October.	30 ——— 21st October.
20 ——— 7th December.	
15 ——— 20th January.	

Those who paid in the whole on the £6,000,000 on or before the 6th December, or on the lottery on or before the 23d September, were allowed discount at 3 per cent. from the day of completing the payment to the 20th January on the former, and to the 21st of October on the latter. The whole money advanced was £5,999,362, the remaining £638 not being paid by a subscriber, who thereby forfeited £522, the first, second, and third, payments on £1160. The sum forfeited was, however, repaid

* The terms of the loan were thus stated by Mr. Pitt:

	£	s.	d.
£100, 3 per cents……	57	12	6
50, 4 ditto ………	37	8	9
5s. 6d. long annuity	4	17	11½
	£ 99	19	2½

The douceur of lottery-tickets, he observed, would cost the public nothing; but it was certainly giving away a profit which would otherwise have been applicable to the public service, and therefore it should be considered in the light of a bonus paid. At 8s. per ticket, it makes 4s. 9½d. to be added to the above terms for £100.

in 1787, pursuant to a vote of the house of commons; the neglect being stated to have happened from illness. The capital of the 3 per cents, created by the loan was, consequently, £2,000 less than it would otherwise have been.

The amount of the unfunded debt, at the conclusion of the war, had caused navy-bills to fall towards the end of the year 1783 to a very great discount. On the 8th of January, in this year, it was as high as 21 per cent. and continued very high, even after it was known that a considerable part would be funded; the average for the whole of 1784 being 17 per cent. The necessity of taking some measure to provide for this debt will appear from the following statement of the amount of the navy and victualling debt (exclusive of ordnance) on the 31st of December, 1783.

	£	s.	d.
Navy-bills registered	7,973,500	3	8
Freight of transports	718,350	5	10
Victualling-bills	4,655,801	14	3
Ditto debt, for which bills are not made out	20,871	4	9
Total, 31st December, 1783, £	13,368,523	8	6

The funding included only the navy and victualling bills, made out between 1st of June, 1781, and 1st of July, 1782, with the interest due thereon to 5th July, 1784; and ordnance-debentures of the same period, with interest at 4 per cent. from the expiration of 15 months from their dates to 5th of July, 1784: the whole, amounting to £6,397,900,

were funded at £107 : 10 : 6 per cent. and the 5 per cent. stock thus created was £6,879,341 1:9:6.

The sum granted out of the Sinking Fund for the year 1784 was £800,000, which the Treasury were empowered to borrow upon loan or exchequer-bills upon credit of the Fund. £60,000 was granted to his Majesty to enable him to discharge civil-list debts.

1785.—On opening the next session, 26th January, the consideration of the reports of the commissioners of accounts was recommended to parliament, with such regulations as might appear necessary in the different public offices. This was preparatory to the introduction of a bill which was afterwards brought in and passed, for appointing commissioners to inquire into the fees, gratuities, perquisites, and emoluments of the several public offices, and to examine into any abuses which might exist in the same.* The deficiencies made good in this session were:

		£	s.	d.
To replace to the Sinking Fund the deficiency on 5th July, 1784, of the fund for the annuities on the loan of the year	1758	12,087	7	8½
Ditto	1778	159,620	1	9¼
Ditto	1779	122,730	4	8
Ditto	1780	158,551	4	11
Ditto	1782	114,214	4	3½
Ditto	1783	617,466	10	0
Ditto	1784	24,044	0	0

* In consequence, an act was passed for better regulating the office of Treasurer of the Navy, by which all money for naval services

There being a small overplus of the grants for the last year, it was appropriated towards the supplies for the current year. The exchequer-bills of the last year amounting to £1,500,000 and £1,000,000, were discharged in course, and the like sums raised by new exchequer-bills* charged on the first aids of the next session, with the addition of £1,000,000 borrowed of the Bank on Exchequer-bills, likewise charged upon the aids of the next session. The sums granted out of the Sinking Fund towards the supply were, the surplus of £702,539 : 16 : 1½, remaining in the Exchequer on the 5th April, 1785; and £2,297,460 : 3 : 10½, out of the growing sur-

is to be issued from the Treasury to the Bank of England, and to be drawn from thence by the Treasurer of the Navy, who is to specify in each draft the head of service for which the same is drawn; and is required to make up his accounts, annually, to 31st December in each year. Another bill was likewise passed, intituled, *An act for better examining and auditing the public accounts of this kingdom*, by which the *commissioners for auditing the public accounts* were first appointed.

* Amount of exchequer-bills, outstanding 19th April, 1785.

On land-tax	1783	433,000	0	0
Ditto	1784	1,469,000	0	0
Ditto	1785	613,490	18	4½
Malt-tax	1784	737,280	0	10½
Bank-loan	1781	2,000,000	0	0
Civil-list debts	1783	217,500	0	0
East-India Company	1783	300,000	0	0
Supply	1785	1,500,000	0	0
Ditto	1785	140,900	0	0
	£	7,410,870	19	3

plus, which latter sum the Treasury were empowered to raise by loans or exchequer-bills.

In opening the budget for this year, Mr. Pitt stated his intention of proposing the establishment of a *Sinking Fund*, and proposed some new taxes in order to raise a surplus of revenue as a foundation for this plan, which was deferred carrying into execution till the next year. It is highly probable, that the low state of the funds* was one of the principal circumstances which induced the minister to adopt this project; and the manner in which it was afterwards carried into execution confirms this opinion.

The depression of the funds caused the discount on navy-bills to remain very considerable; even in the beginning of April it was as high as 16 per cent. but the intention of funding the greater part being made known soon raised the price. The terms proposed were as follows: All navy, victualling, and transport, bills, dated on or before 30th June, 1783, with interest to 5th July, 1785, were allowed £111 8 : 0 five per cent. stock for every £100 of the said principal and interest; and the bills made out between the 30th June, 1783, and 1st January, 1785, with interest to 5th July, 1785, after deducting five shillings per cent. upon the amount of such principal and interest for every *month*, (being at the rate of 3 per cent. per annum,) between the 1st July, 1783, and the day on which the bill was made out, were al-

* They had risen upon the peace, but had fallen considerably soon after; 3 per cents had now remained for a long time under 60.

lowed stock in the same proportion, as were likewise ordnance-debentures, dated on or before the 31st of December, 1783, with interest at 4 per cent. per annum, from the expiration of fifteen months from their date, to the 5th July, 1785. The stock to be irredeemable till 25 million of the public debt, bearing either 3 or 4 per cent. interest, shall have been redeemed and paid off; and to be consolidated with the 5 per cent. stock created in the last session. The amount of the bills funded, and the stock created thereby, was as follows:

	Amount of Bills.			5 per cent. Stock.		
	£	s.	d.	£	s.	d.
Navy	6,401,423	0	9	7,131,181	1	3
Victualling	2,925,804	4	4	3,259,343	1	4
Ordnance	538,714	13	3	600,127	7	9
£	9,865,941	18	4	10,990,651	10	4

The market being thus cleared of the principal part of the load of floating paper with which it had of late been overstocked, the discount upon navy-bills soon became less, and, before the end of the year, was only $2\frac{1}{3}$ per cent. It must be observed, that, by funding the bills an addition was made to the debt of upwards of one million, by converting a bill of £100, for which government, in many instances, had not received more than £90 value, into a debt of £111 8 : 0, yet the necessity of adopting some such measure made this additional debt more justifiable than the needless increase of capital, by which the amount

of the debt had been so much augmented during the late war, the extent of which will appear from the following view of the several loans:

	Money borrowed.	Debt created.	Interest.
	£	£	£
1776	2,000,000	2,150,000	64,500
1777	5,000,000	5,000,000	225,000
1778	6,000,000	6,000,000	330,000
1779	7,000,000	7,000,000	472,500
1780	12,000,000	12,000,000	697,500
1781	12,000,000	21,000,000	660,000
1782	13,500,000	20,250,000	793,125
1783	12,000,000	15,000,000	560,000
1784	6,000,000	9,000,000	316,500
	£ 75,500,000	97,400,000	4,119,125

So that a nominal capital of £21,900,000 was added to the capital of £75,500,000 actually borrowed, and the interest on the whole amounted to £5 : 9 : 1 per cent. of which the perpetual interest was equal to £4 : 6 : 0 per cent. on the whole.

1786.—In the session, which began the 24th of January, Mr. Pitt brought forward the measure which he had before intimated of a new Sinking Fund. Among those whom he consulted on this occasion, he particularly sought the advice and assistance of the late Dr. Price,* who readily communicated three plans, which he conceived to be best

* See *A Review of Dr. Price's Writings on the Finances of Great Britain*, by Mr. Morgan.

adapted for carrying into execution a measure that he had so often urged in his excellent publications, particularly before the late war had swelled the public debts to such a hopeless magnitude. It was one of the plans thus communicated that was afterwards adopted by the minister, but with some alteration that considerably affected its efficacy. The speech, on opening the session, recommended the establishment of a fixed plan for the reduction of the National Debt, and expressed a confidence, that this important measure might be effected with little addition to the public burthens. In order to ascertain this point, a select committee was appointed to examine and state the accounts presented to the house, relating to the public income and expenditure,* and to report what might be expected to be the annual amount of the said income and expenditure in future. On the 21st March, the committee made their report; and conceiving that existing circumstances rendered any averages drawn from the amount of the revenue in former periods in a great degree inapplicable to the situation of the country, they formed an account of the public receipt and expenditure to Michaelmas, 1785, and to 5th January, 1786, from which it appeared, that at the former period there was a surplus of £901,001, and at the latter a sur-

* Commissioners had been appointed to examine and state the public accounts, by 20 Geo. III. c. 54. and continued by 21 Geo. III. c. 45. — 22 Geo. III. c. 50. — 23 Geo. III. c. 68. — 24 Geo. III. c. 13. — and 25 Geo. III. c. 68.

plus of £919,290. As it was evident, that a fund of *less* than one million per annum would be very inadequate to the purpose for which it was designed, new taxes were imposed for raising the surplus revenue to this sum; and, in order the more effectually to prevent ministers from diverting it to other purposes, the mode which had been suggested in different publications on this subject was adopted, of vesting the annual sum of one million in the hands of commissioners. The commissioners appointed by the act, (26 Geo. III. c. 31.) are: The Speaker of the house of commons, the Chancellor of the Exchequer, the Master of the Rolls, the Accomptant-General of the Court of Chancery, and the Governor and Deputy Governor of the Bank of England for the time being, respectively.* The money is directed to be issued to the Bank of England, on their account, in four equal quarterly payments of £250,000 each, and is to be applied either in paying off such Redeemable Annuities as shall be at or above par, in such manner as shall be directed by act of parliament, or in the purchase of annuities below par at the market price, which was the mode chiefly intended to be pursued. The annual million

* The sanctity of a sacrifice was no protection from the devouring appetite of the daughters of Electra. In like manner the statesmen of the present day have ceased to behold with reverential awe this nation's only hope,—at least, if we may judge from a late plan of finance, the ultimate object of which was evidently the alienation of the Sinking Fund.

was to be augmented by the dividends on the stock purchased, the annuities for lives or terms as they should fall in or expire,* and the sums saved by any reduction of interest; and the Fund is to be continued thus increasing till it amounts to four millions per annum, from which time the dividend on such capital as shall be paid off or purchased by the commissioners, with the annuities that may afterwards fall in, are to be at the disposal of parliament. At the suggestion of Mr. Fox, a clause was introduced, empowering the commissioners to subscribe towards any public loan, to be raised by act of parliament, upon Perpetual Annuities, subject to redemption at par; and they were likewise empowered to continue purchasing stock when it should get *above par*, unless otherwise directed by parliament.†

From the establishment of the Sinking Fund, in 1717, to this time, the year was considered as ending on the 10th of October, in order that there might be a reserved sum in the Exchequer towards paying

* From the time that any stock, or annuities for lives or term, is placed to the account of the commissioners, the allowance for management thereon is to cease.

† Earl Stanhope proposed a plan for endeavouring to fix the price of 3 per cents, which were then below 70, in order to prevent the public from redeeming them at 100, or even at 90, on an average; this was, by permitting the holders of 3 per cent consols to subscribe for the conversion of their stock into 4 per cents, (£400 three per cents into £300 four per cents,) attended with the *right of priority of redemption* in the order in which the stock was subscribed. See *Observations on Mr. Pitt's Plan for the Reduction of the National Debt.* By Charles, Earl Stanhope.

the growing dividends. By this present act, it was declared, that, in future, the yearly accounts should be reckoned from the 5th of January to the 5th of January following: the revenue of 1786 had, therefore, the advantage of five quarters produce of the Sinking Fund, from the 10th of October, 1785, to the 5th of January, 1787.

The Amount of the National Debt, as it stood on the 5th January, 1786, *was as follows:*

	Principal. £	s.	d.	Interest & Managem^t. £	s.	d.
Annuities for long terms, remainder of original sum	1,836,275	17	10¾	136,453	12	8
Ditto for two and three lives	67,155	8	2¾	8,195	12	0
Exchequer-bills for interest of old bills	2,200	0	0			
Annuities with survivorship 1765	18,000	0	0	540	0	0
East-India Company's capital	3,200,000	0	0	97,285	14	4
Ditto annuities 1744	1,000,000	0	0	30,401	15	8
Bank, original fund	3,200,000	0	0	100,000	0	0
Ditto, for cancelling Exchequer-bills	500,000	0	0	15,000	0	0
Ditto purchased of the South-Sea Company	4,000,000	0	0	121,898	3	5
Ditto 3 per cent. annuities 1728	1,750,000	0	0	52,500	0	0
Ditto 1729	1,250,000	0	0	37,500	0	0
Ditto 1746	986,800	0	0	29,604	0	0
3 per cent Consolidated Annuities	107,399,696	5	1¼	3,282,247	8	10
3 per cent Reduced Annuities	37,340,073	16	4	1,141,206	0	0½
Carried over £	162,550,201	7	6¾	5,052,832	6	11½

	£	s.	d.	£	s.	d.
Brought over	162,550,201	7	6¾	5,052,832	6	11½
4 per cent Annuities	32,750,000	0	0	1,328,421	17	6
5 per cent Annuities 1784 and 1785	17,869,993	9	10	903,551	10	10½
South-Sea stock and annuities	24,065,084	13	11½	735,974	13	11
Ditto Annuities, 1751	1,919,600	0	0	58,667	15	6
Long Annuities, 74 years remaining	14,488,798	2	0	689,942	15	4
Short Annuities, 22 years remaining	5,535,233	18	10½	410,017	6	7
Ditto 1777, 1¼ year remaining	25,351	11	3	25,351	11	3
Life Annuities	683,627	0	10	68,362	14	1
	£259,887,890	4	3¾	9,273,122	12	0

The Long Annuities are valued at 21 years purchase, the Short Annuities at 13½ years purchase, which were about the market prices in January, 1786, though both under the real value. The annuities 1777 are taken at one year, and the Life Annuities at 10 years purchase. To the above should be added the

	£	s.	d.	£	s.	d.
3 per cents 1726	1,000,000	0	0	30,360	0	0
Navy-debt*	1,712,489	14	4½	34,249	15	9
Exchequer-bills†	5,500,000	0	0	174,500	0	0

* The interest on navy-bills was 4 per cent. but as a considerable part of this sum consisted of wages, &c. which bore *no interest*, the average on the whole is taken at 2 per cent.

† The interest on Exchequer-bills is exclusive of upwards of £100,000 per annum paid for those on the land and malt loans.

Having thus given some account of the establishment of this plan for reducing the National Debt, the progress of which will hereafter be noticed, I shall proceed to the financial arrangements for the year. The deficiencies made good were as follows:

	£	s.	d.
To replace to the Sinking Fund the deficiency to 5th July, 1785, of the duties granted for repealing the duties on tea	365,719	2	4½
To ditto the deficiency of the fund for the payment of annuities on the loan of the year 1758, on 5th January, 1785	16,588	4	6¾
To ditto 1778, 5th July, 1785	180,357	3	6¼
To ditto 1779, ditto	15,991	5	2½
To ditto 1780, ditto	141,864	11	8
To ditto 1783, ditto	361,963	3	4
To ditto 1784, ditto	202,581	7	7½
To make good deficiency of grants for 1785	127,138	3	2⅝

The exchequer-bills of the preceding year, amounting to £1,500,000 and £1,000,000, and the additional £1,000,000 advanced by the Bank; also, the loan of £2,000,000, advanced by the Bank in 1781, on exchequer-bills, the payment of which had been twice postponed, were discharged, and an equal amount in the sums of £2,500,000 and £3,000,000, raised by new exchequer-bills as part of the ways and means.

Notwithstanding the grant to the civil-list, of £60,000 in 1784, and the participation of the fees

of regulated exchequer-offices,* there was now a farther grant of £210,000, for the purpose of discharging outstanding exchequer-bills, to the amount of £180,000, for which the civil-list stood mortgaged, and £30,000 additional debt, which it had incurred during the last year.

The sums granted out of the Sinking Fund, towards the supply, were, the surplus of £582,488 15 : 9¾, remaining in the Exchequer on the 5th of January, 1786, the surplus of £628,982 : 0 : 1, remaining in the Exchequer on the 5th of April, and £2,600,000 out of the growing produce of the Fund; which latter sum the Treasury were, as usual, empowered to raise by loan or exchequer-bills, on credit of the fund: and the Bank were allowed to advance the same.

It must have been observed, that the loans of the late war were chiefly raised on 3 per cent Consolidated Annuities and Long Annuities, the interest on both of which being payable in January and July, had caused the interest on the debt, payable in these quarters, to exceed very considerably the payments for the Lady-day and Michaelmas quarters. In order, therefore, to reduce this inequality, the time of payment of the Long Annuities, and the annuities of

* Which latter, indeed, was of no great magnitude, producing to the civil-list only,

	£	s.	d.
In 1784	1,800	0	0
1785	3,622	8	10
1786	4,694	5	10½

1778 and 1779, now called Short Annuities, was changed by an act passed in this session, which directs, that after the half year's payment, due 5th of July, 1786, one quarterly payment shall be made on 10th October, and from that time the annuities are to be paid half-yearly, on the 5th April and 10th of October, till the quarter-day preceding the time at which they expire, and the quarter's annuity for the remaining time shall be paid on the quarterly-day of payment on which the same shall become due.*

In this session the East-India Company obtained an act to enable them to increase their capital; but, as no advance to government was made on this occasion, it is unnecessary to take any farther notice of it.

The session was closed, 11th July, with a short speech, in which his Majesty thanked the house of commons for the provision made for discharging the incumbrances on the civil-list, and expressed an expectation of the most salutary effects from the plan adopted for the reduction of the National Debt; an object "inseparably connected with the essential in-"terests of the public."

1787.—The speech, on opening the next session, 23d January, contained the following passage: "I "trust you will be able this session to carry into ef-"fect, regulations for the ease of the merchants, and "for simplifying the public accounts in the various

* The proprietors were allowed to the 1st of June to signify their dissent.

"branches of the revenue." This was a preparatory notice of a very necessary and useful measure, the consolidation of the various duties of customs and excise. The subject was brought forward by Mr. Pitt, on the 26th February, when, after particularly noticing the confused state of the customs, arising from the duty on most articles having been granted at many different times and differently appropriated, he observed the intended alteration would require 3000 resolutions, and therefore first moved a general resolution: "That all the duties of customs and "excise, and certain duties of stamps in Great Bri-"tain, do cease and determine, and, that other duties "be substituted in their stead." The plan meeting with general approbation, a bill was brought in and passed for carrying it into execution. By this act, all the duties of customs, the excise duties, (with the exception of the malt,) and the principal stamp-duties were to cease from 10th May, 1787, and the new duties established, by the act, with the duties on hackney-coaches, hawkers and pedlars, houses and windows, male and female servants, &c. and all arrears of duties and other moneys paid into the Exchequer not othewise appropriated, were constituted a fund to be called, *The Consolidated Fund.* Thus, the distinctions of the General, Aggregate, South-Sea, and Sinking, Funds were done away.*

* All the annuities payable to the public creditors, which had been charged upon the Sinking Fund, or other funds, were now made payable, from 5th July, 1787, out of the Consolidated Fund; but as this might be considered a change of the security upon which

The following sums were afterwards granted, to make good to the Sinking Fund the like sums issued therefrom, viz.

		£	s.	d.
For deficiency of the Fund for annuities 1758	to 5th July, 1786	18,574	13	10¾
Ditto..............1778	10th October	127,796	19	3½
Ditto..............1779	5th July	35,039	13	5½
Ditto..............1780	10th October	184,234	3	2½
Ditto..............1782	5th July	11,205	5	11¾
Ditto..............1783	10th October	292,448	14	7½
Ditto......1784 and 1785	5th July	532,662	18	4¾
Ditto for deficiency and loss by repeal of the duties on tea in 1784 and 1785 to 5th April, 1786		233,410	6	7½

The sum of £1,226,072 : 2 : 11½, being the surplus of the Sinking Fund remaining in the Exchequer on the 5th April, 1787, was granted towards the supplies, and, whatever surplus might afterwards arise, was directed to be carried to the new Consolidated Fund, out of which £2,400,000 was likewise granted towards the supply, with the usual power of raising the same by loans or exchequer-bills.

The exchequer-bills of the preceding year, amounting to £5,500,000, were discharged in course, and £145,786 : 8 : 4 paid for interest and charges; the

the money had been originally advanced, any of the proprietors who might disapprove of the same were allowed till the 1st of June to signify their dissent, in a book to be opened for that purpose, at the Bank; and if they did not thus signify their dissent, they were to be deemed to have assented to the same.

like sum of £5,500,000 was raised by new exchequer-bills, as part of the ways and means, and charged, as usual, on the supplies of the next session, with the collateral security of the Consolidated Fund.

The deficiency of grants for 1786, made good in this session, was, £240,324 : 19 : 10¾.

It may not be improper to notice the application to parliament for the payment of the Prince of Wales's debts,* in consequence of which the house of commons, on 24th May, presented an address to the king, desiring that he would order the sum of £161,000 to be issued out of the civil-list for that purpose, and £20,000 on account of the works at Carlton-House; assuring his Majesty, that his faithful commons would make good the same, which was done in the next session.

As government thought proper to order an augmentation of the sea and land forces, on account of the king of France having signified his intention of assisting the Dutch against the king of Prussia, it was found necessary to assemble parliament on the 27th November; but the budget for the year was not brought forward by Mr. Pitt till the 5th May,

* The following abstract of the debts was laid before the house:

Bonds	£ 13,000
Purchase of houses	4,000
Expenses of Carleton-House	53,305
Tradesmen's bills	90,804
	£ 161,109

on which occasion he stated the permanent peace-establishment at £15,624,000: this exceeded the sum at which it had been calculated by the select committee of 1786, on account of the additional West-India establishment, and a subsidy to the Landgrave of Hesse Cassel, pursuant to a treaty concluded on the 28th September, 1787. The deficiencies made good this year were as follows:

	£	s.	d.
Deficiency of the commutation-tax	89,899	2	5¼
Ditto of the fund for annuities 1758 to 5th January, 1787	21,816	3	6¾
Ditto 1778 to 5th April, 1787	68,895	16	8¼
Ditto 1780 ditto	143,614	13	10½
Ditto 1783 ditto	178,144	10	0
Ditto......1784 and 1785 to 5th January, 1787	76,362	8	0¾
Ditto of grants for 1787	63,671	18	2¼

The exchequer-bills of the preceding year, amounting to £5,500,000, were discharged in course, and £181,419 : 6 : 7½ paid for interest thereon; the like sum of £5,500,000 was raised as part of the ways and means, by new exchequer-bills, charged as usual on the supplies of the next session. The sums granted out of the produce of the Consolidated Fund, were the surplus of £589,162 : 15 : 2½, remaining in the Exchequer, on 5th April, 1788, and £2,545,000 out of the growing produce of the fund, with the usual clause, empowering the Treasury to raise the latter by loans or exchequer-bills.

1788.—The illness of the king preventing a farther prorogation, the parliament met again on the 20th November, and adjourned to the 4th December: this

subject causing considerable discussion and delay of public business; the supplies were voted rather later than usual; the budget was not brought forward till the 10th June, when Mr. Pitt, notwithstanding his favourable account of the state of the finances, found it necessary to propose new loans and new taxes. He allowed that the navy-debt had increased about £500,000, but attributed this, and the loan now found necessary, to the extraordinary expenses which had increased the expenditure beyond the sum it had been stated at by the committee of 1786. These extraordinaries consisted chiefly of £852,000 paid in compensation to the American loyalists; £216,000 for the Prince of Wales's debts; £210,000 for the debts of the civil-list; and £253,000 for the expense of the armament of last year; but although these might be considered as expenses not likely to occur again, they ought to have afforded a caution against forming estimates of the expenditure upon a supposition that no such extraordinary expenses would occur.

The sum of £191,342 : 13 had been issued out of the civil-list revenue for secret service abroad, and was now replaced from the supplies; of this sum £187,000 had been advanced as a loan to the Prince of Orange, which was to be repaid by instalments; it was, therefore, thought proper to raise the sum on terminable annuities, and though the annual instalments were expected to be equal to the payment of the annuities, yet it would probably have been difficult to obtain even so small a loan on such security; it was, therefore, negociated as a debt of this country,

depending on the same security as the other public debts. The terms were: for every £100 advanced, the contributor should be entitled to an annuity of £7 : 9 : 9 for 18¾ years, from 5th April, 1789, to be added to, and made one joint stock with, the annuities for 30 and 29 years, granted in 1778 and 1779. The payments were as follows:

10 per cent.	deposit.
15 ———	21st August.
15 ———	25th September.
15 ———	30th October.
15 ———	27th November.
15 ———	24th December.
15 ———	29th Jan. 1790.

Those who paid in any of the instalments before the appointed days were allowed discount at 3 per cent. per annum, from the day of such payment *to the day on which such instalments would have become due.* This stock, previous to its expiring in 1808, was called the Bank *Short Annuities.*

The farther sum proposed to be raised by loan towards the supplies was £1,002,500, for obtaining which, the unusual mode of a tontine was adopted. The scheme consisted of 10,000 shares, at £100 : 5 each, divided into the following classes:

Class.		Annuity. £	s.	d.
1	lives under 20 years of age	4	3	0
2	—— from 20 to 30	4	5	6

Class.		Annuity. £	s.	d.
3	from 30 to 40	4	8	6
4	from 40 to 50	4	13	6
5	from 50 to 60	5	1	6
6	above 60	5	12	0

The subscribers were at liberty to name either their own life or that of any other person, and were allowed till the 10th October, 1790, to nominate the same; but the subscription was to be paid as follows:

£10	5	0	per share deposit.
15	0	0	21st August.
15	0	0	25th September.
15	0	0	30th October.
15	0	0	27th November.
15	0	0	24th December.
15	0	0	29th January, 1790.

Upon the death of any nominee, the annuity falling in to be equally distributed among the several persons interested, whose nominees are living, in the respective class to which the life deceased belonged, until the annuities of that class shall have increased by survivorship to £1000 per annum on each remaining share; from which time no benefit is to arise from survivorship, but each annuity of £1000 to cease upon the extinction of the life entitled to the same. The annuities to be payable half-yearly at the *Exchequer;* and as, in consequence of the time allowed for appointing the nominees, the first half year's payment of the annuities could not become due till

5th April, 1791, the subscribers were allowed interest at 4 per cent. per annum, for a year and a quarter, to 10th October, 1790; which was paid the 11th March, 1791, amounting to £50,104 : 19. The discount allowed for prompt payment amounted to £1124 3 : 10, and the Bank were allowed £2000 for receiving the contributions and paying them into the Exchequer. This scheme, like former attempts of the kind, was unsuccessful, as will appear in the account of the next session.

The exchequer-bills of 1788, amounting to £5,500,000 were discharged in course, with £186,714 14 : 2½ for interest, &c. and the like sum was raised by new exchequer-bills, charged on the next supplies, with the collateral security of the Consolidated Fund. The deficiency of the last year's grants made good was £331,649 : 18 : 3¾.

1790.—The next session began the 21st January, and the budget was brought forward on the 15th April, when Mr. Pitt again congratulated the committee on the prosperous state of the finances, though he was under the necessity of admitting, that the revenue and expenditure could not be brought to a permanent balance, without a considerable farther reduction of the latter.

The deficiency of the last year's grants, made good in this year, was £231,517 : 12 : 2¼. The exchequer-bills of the last year, amounting to £5,500,000 were discharged in course, with £176,768 : 13 : 7 for interest, &c. and the like sum raised by new exchequer-bills, charged upon the supplies of the next

session. The grant out of the Consolidated Fund was £621,151 : 1 : 3½, from the surplus remaining in the Exchequer on 5th April, 1790; and £2,300,000 out of the growing surplus.

£200,000 was granted towards the discharge of the navy-debt, and £1,000,000 for such augmentation of forces as the exigencies of affairs might require.

The tontine, which formed part of the ways and means of the last year, was at first at a premium, but soon got to a considerable discount; and those who had taken the whole found much difficulty in disposing of their shares, the greater part of which still remained on their hands. In order, therefore, to afford them some relief, it was proposed to enlarge the time for nomination; but, as this would have been injurious to those who had already nominated, it was relinquished, and, on the 26th May, Mr. Pitt proposed to the house, that the holders of the tontine-shares should be allowed the option of changing them for Long Annuities. An act (30 Geo. III. c. 45.) for this purpose was afterwards passed, by which the contributors were allowed, at any time on or before the 20th September, 1790, to exchange their shares for annuities of £4 : 5, for 69¼ years, from the 10th October; and, in order to place those who retained their shares on the same footing as they would have been had the whole number been filled up, the Commissioners of the Treasury were empowered to nominate lives, for the shares exchanged, from the peers of Great Britain or Ireland, or their children, baronets, lords of manors, justices of the peace, fellows

of colleges, governors of the Charter-house, Foundling-Hospital, or Christ's Hospital, or those who are registered on the books of the Amicable Society; and the lives thus nominated were to be distributed among the several classes, in the same proportion as the nominees appointed by the subscribers. Of the 10,000 shares, lives were nominated for only 4219;* the shares exchanged for Long Annuities were 5733, and 48 were forfeited, after paying part of the purchase-money. The amount of the annuities on the tontine-shares retained by the subscribers, and on those to which government nominated, was, on the 5th April, 1791, as follows, viz.

	£	s.	d.
Amount of the annuities on lives nominated by the subscribers	18,180	3	11
Ditto on lives nominated on the part of government	24,681	17	1
	£42,862	1	0

In the king's speech, on opening the next session, (which was the first of a new parliament) 26th No-

		£	s.	d.		£	s.	d.
* 1st class	2810 shares, at	4	3	0	per annum	11,661	10	0
2	525	4	5	6		2,244	7	6
3	360	4	8	6		1,593	0	0
4	272	4	13	6		1,271	12	0
5	170	5	1	6		862	15	0
6	82	5	12	0		459	4	0
	4219					£18,092	8	6

vember, 1790, his Majesty expressed his satisfaction in communicating the information, that the differences with Spain, which had occasioned the late armament, were adjusted. An important part of this business, however, still remained to be considered, which was the expense attending it; accordingly, on the 15th December, the house of commons having resolved itself into a committee of ways and means, Mr. Pitt brought forward his armament-budget; the expense he stated at £3,133,000; and the plan for providing for it was by taking £500,000 of the unclaimed dividends in the hands of the Directors of the Bank of England, imposing new taxes, for *four years* only, to the amount of £728,000, and modifying the perpetual tax on receipts; by which means £1,300,000 would arise in the first year, and, with £1,833,000 to be raised on exchequer-bills, would answer the whole expense incurred. More than half the debt would thus be discharged in two years; after which, part of the taxes might be taken off, and the others continued for the payment of the remainder in the two succeeding years. The proposal for appropriating to the public use so large a sum out of the unclaimed dividends met with much opposition, though it was intended to give the public creditors the security of the Consolidated Fund for any future demands. The minister stated, that this balance, in the hands of the Bank Directors, had been uniformly increasing since the year 1727; in that year it was £43,000; in 1774 it amounted to £292,000; in 1786 it was £314,000; and, on the 5th July, 1789,

the time to which the account was made up, it had increased to £547,000: on the 12th October, 1790, there was a floating balance of £660,000; so that, after the proposed appropriation of £500,000, there would remain in the hands of the Bank £160,000 to answer any casual demand. This project being generally disapproved of by the stock-holders, it was afterwards agreed to accept of a loan, without interest, from the Bank of the same sum, as long as a floating balance to that amount should remain in the hands of their cashier. An act was accordingly passed, providing, that, whenever the money remaining in the hands of the Bank, for unclaimed dividends, (exclusive of those due the preceding quarter,) should be reduced under £600,000, the sum which it was less than £600,000 should be immediately repaid them at the Exchequer.* In consequence, however, of publishing the list of the proprietors of unclaimed dividends, a considerable part of them were received; the sum, therefore, lent to government on this account was only £376,739.

The speaker of the house of commons, on presenting the above-mentioned bills for the royal assent, on 29th December, observed, that they had provided for the complete and speedy discharge of these expenses without any lasting addition to the National Debt, or any embarrasment to that system which had so effectually sustained and advanced the public credit of

* This act also secured to them the continuance of the allowance for management, at the rate of £450 per annum per million.

the country; and hoped, that this would operate as a salutary example to future times. But it was very evident, that, if *four* years were requisite to discharge the expenses of a mere *armament*, there was little probability that we should ever enjoy a period of peace long enough to provide for the expenses of *an actual war*. A proof of the slight ground there was for entertaining such hopes soon occurred; on the 28th March, 1791, a message from the king was delivered to both houses of parliament, acquainting them, that, his endeavours to effect a pacification between Russia and the Porte having hitherto been unsuccessful, it was judged requisite, in order to add weight to his representations, to make some farther augmentation of the naval force: in consequence of this message an address was agreed to, promising to make good any additional expense which might be incurred by such augmentation; thus authorising a new armament and hazarding a war, to induce the Empress to relinquish the town of Oczakow, which she had taken from the Turks.

On the 8th April a select committee was appointed to examine and state the accounts laid before the house, relating to the public income and expenditure, and to report what has been its amount during the last five years, and what it would probably be in future; also what alteration has taken place in the amount of the *public debt* since the 5th January, 1786. Their report, which was presented to the house on the 10th May, was more clear and circumstantial than that of the committee of 1786. With

respect to the National Debt, they observed, that, during the period referred to them, there had been applied towards its discharge £4,750,000, arising from the quarterly payments directed by act of parliament; and a farther sum of £674,592, arising from the interest of stock purchased, and annuities expired or fallen in; making together £5,424,592; that the capital stock bought up by the commissioners to 1st February, 1791, was £6,772,350, which being all *three* per cents, the annual interest of the same was £203,170 : 10; which, with the annuities expired or fallen in, made the sum at this time applicable to the purchase of stock £1,254,804 : 14 : 6, viz.

	£	s.	d.
Annual million	1,000,000	0	0
Interest on stock purchased	203,170	10	0
Annuities of 1777	25,000	0	0
Annuities unclaimed	22,030	14	6
Annuities expired	4,603	10	0
	£1,254,804	14	6

The only increase of the funded debt, according to this report, was the capital of £1,002,140, raised by the tontine in 1789; the farther sum of £187,000, raised by Short Annuities, (of which £34,000 had been since repaid,) did not appear to them of a nature to be stated as an increase of the national incumbrances. Of the unfunded part, the increase of the navy-debt was stated at £457,950; on the ordnance

account, for articles unprovided for by parliament, £61,909 : 0 : 7 ; and the increase of the deficiency of grants £80,590.

On the 18th May Mr. Pitt brought forward his budget for the year, in which all his estimates exceeded those of the select committee; although they had calculated the expenditure, upon a peace-establishment, at £490,997 more than the committee of 1786, without explaining any necessity for such increase. The subject was taken up in a very able manner by Mr. Sheridan, and the state of the finances underwent a very long discussion; the principal object of Mr. Sheridan was to prove, from the report of the committee, that, during the last five years, the expenditure had considerably exceeded the income,* the deficiency having been made good by extraordinary receipts; and that the greater part of these resources being, from their nature, not to be expected in future, the small excess of the income beyond the expenditure was wholly inadequate to answer future extraordinary expenses, even such as were actually foreseen and admitted by the select committee.

With respect to the supplies, the exchequer-bills of the last year were discharged, and the same sum of £5,500,000 raised by new exchequer-bills as part of the ways and means. The deficiency of the grants for 1790 made good was £207,728 : 3 : 1.

1792.—The king's speech, on opening the next session, 31st January, proposed an immediate reduc-

* Report. See also *A Review of Dr. Price's writings on the Finances.*

tion in the naval and military establishments, and held forth still brighter expectations: the following are the words: "I entertain the pleasing hope, that the "reductions which may be found practicable in the "establishments, and the continued increase of "the revenue, will enable you, after making due "provision for the several branches of the public "service, to enter upon a system of gradually re-"lieving my subjects from some part of the existing "taxes, at the same time giving additional efficacy "to the plan for the reduction of the National Debt, "on the success of which our future ease and security "essentially depend. With a view to this important "object, let me also recommend it to you to turn your "attention to the consideration of such measures as "the state of the funds and of public credit may "render practicable and expedient, towards a reduc-"tion in the rate of interest of any of the annuities "which are now redeemable." In the debate upon this speech, Mr. Pitt, after stating the flourishing condition of the country, contended, that a constant attention to the *lessening of the public burthens, and paying off the National Debt*, was the best security for the *continuance* of its prosperity.

On the 17th February, Mr. Pitt, in a very eloquent speech, entered into a general discussion of the state of the national finances, which he contended were in so flourishing a condition as to admit of the repeal of several taxes, and the application of £400,000 in aid of the Fund for the reduction of the debt; and that, the operation of the Fund being accelerated by this

and future intended additions, it might be expected, that 25 million of the 3 per cents would be paid off by the year 1800, when the 5 per cents would, of course, become redeemable; and that, in the year 1808, the Fund would amount to 4 million per annum, being the sum to which it is restricted by the act.* On this occasion he observed, that, when the plan of reduction was first discussed, it was a question whether the commission should be allowed on the sum laid out, or the nominal sum redeemed; fortunately, that question was now at an end, as the remaining debt would probably *be redeemed at par.*

A measure of much greater importance than the proposed additions, and infinitely more judicious than speculations upon future redemptions, was a provision that, whenever, in future, any money shall be raised by loan or perpetual redeemable annuities, a separate account shall be kept of the same, and a sum, equal to one per cent. on the stock created by such loans, shall be issued out of the produce of the Consolidated Fund in quarterly payments, to be placed to the account of *the commissioners for liquidating the debt:* and if the loan, or any part thereof, is raised by annuities for a longer term than 45 years, or for lives, a computation is to be made, at 3 per cent. interest, of what will be at the end of 45

* This injudicious restriction was taken off by an act passed in 1802, which provided, that the two funds should continue to accumulate till all the then existing redeemable annuities should be paid off.

years the actual value of such part of the annuities as may be then outstanding, and the sum to be placed to the account of the commissioners is to be equal to one per cent. on this computed future value. It was also enacted, that, when the interest on any redeemable stock should be reduced, or the capital paid off, by money raised at a less rate of interest, the saving of interest should be carried to the Fund. This was certainly a judicious improvement on the original plan, as it prevented the operation of the million per annum, and the intended addition, from being impeded by any future debt incurred.

In the course of this session an attempt was made to set aside that pernicious mode of raising money by lotteries, which had for some years past formed a regular part of the ways and means; but, though the evil effects which this mode of legal gambling produced on the industry and morals of the people cannot be denied, and though the revenue was stated to be in so flourishing a state as to admit of the repeal of taxes, the opposition proved ineffectual, and a lottery of 50,000 tickets was again established, which, at £16 : 5 each, made a profit to government of £312,500.

The exchequer-bills of the preceding year for £5,500,000 were discharged in course, and the like sum raised by new exchequer-bills, as part of the ways and means, charged as usual on the supplies of the next session.

The sums granted out of the Consolidated Fund were, the surplus to 5th January, £155,495 : 19 : 0½; Ditto to 5th April, £486,000; and out of the grow-

ing produce £2,300,000, with power to raise the latter sum by loan or exchequer-bills.

The favourable representations of the state of the finances, and the hope which prevailed, in the beginning of the year, of a continuance of peace, raised the public funds to a greater price than they had been at for many years past;* in February, 5 per cents were at 120; and 4 per cents, although redeemable, were, on the 13th March, at 105⅝; but 3 per cent Consols got up in a much greater proportion, being done on the 8th March at 97⅛; this probably resulted, in a great measure, from the commissioners confining their purchases to the latter stock.

* The disturbed state of other parts of Europe contributed to this effect, by rendering our funds a favourite object of purchase for those moneyed men on the continent who wished to secure their property. Immense sums, it is said, flowed in from France and the Low Countries.

The following is the Amount of the National Debt, on the 5th January, 1793.

	Capital. £	s.	d.		Int. & Management. £	s.	d.
Exchequer-Annuities for terms	945,725	8	8		135,103	12	8
Ditto annuities 1765	8,640	0	0		540	0	0
Ditto annuities on lives	671,071	16	5		61,006	10	7
Ditto Tontine-Annuities 1789	427,766	13	4		19,322	7	0¼
Bank capital	11,686,800	0	0		356,502	3	5
South-Sea Company	24,065,084	13	11½		735,974	13	11
Ditto annuities 1751	1,919,600	0	0		58,373	11	9
3 per cent. Annuities 1726	1,000,000	0	0		30,450	0	0
3 per cent. Consolidated Annuities	107,399,696	5	1¼		3,264,756	13	9
3 per cent Reduced	41,540,073	16	4		1,262,786	19	11
4 per cent Consolidated Annuities	32,750,000	0	0		1,324,509	7	0
5 per cent Consolidated Annuities	17,869,993	9	10		901,541	3	4½
Long Annuities	14,253,371	10	0		712,668	11	6½
Short Annuities 1778, &c.	4,228,817	14	0		422,881	15	5½
Carried over	258,766,641	7	7¾		9,286,417	10	4¾

	£.	s.	d.
Brought over	258,766,641	7	7¾
Exchequer-bills	5,500,000	0	0
Treasury account	685,936	1	5
Army-services unsatisfied	641,176	0	0
Ordnance ditto	81,025	5	8
Navy-debt	3,344,397	3	5
	£269,019,175	18	1¾

CHAPTER XIII.

The History of the National Debt, from the Commencement of the War, in 1793, *to the Year* 1800.

THE success of the French against the arms of Austria and Prussia could not be agreeable to any of the existing governments of Europe; their determination to restore the free navigation of the Scheldt and Meuse gave particular alarm to that of Holland; but, as it cannot be supposed that this object was of sufficient importance to Great Britain to hazard a war, much less that the free government of this country could be interested in opposing the formation of a free government for France, we must ascribe the augmentation of the naval and military forces, and the unexpected proclamations of the 1st December, 1792, for embodying the militia, and for the meeting of parliament on the 13th, to an unquestionable desire of preserving the internal tranquillity of the country, and maintaining a strict neutrality with respect to the war. In the king's speech, he laments the necessity for extraordinary expenses,

"which may for a time prevent the application of "additional sums beyond those which are already "annually appropriated to the reduction of the pub- "lic debt," but adds, that it afforded him great consolation to reflect, that they would find ample resources for effectually defraying the expense of vigorous preparations from the excess of the actual revenue beyond the expenditure. Accordingly, on the 7th January, 1793, Mr. Pitt observed, that the sum granted for the service of the preceding year, out of the produce of the Consolidated Fund, to the 5th April, 1793, had not only been satisfied on the 5th of January, but that there remained a surplus of £435,696 : 1 : 7¼; he, therefore, moved, that this sum be applied towards the services for 1793, which was agreed to. But, as hostilities commenced soon after, it was found necessary to include a loan in the ways and means for the year. The amount was £4,500,000; and the terms were: that, for every £72 advanced, the contributor should be entitled to £100 three per cent. stock, bearing interest from 5th January, 1793. The instalments were as follows:

10 per cent.	4th April.
10 ———	31st May.
10 ———	19th July.
10 ———	16th August.
15 ———	27th September.
15 ———	8th November.
15 ———	13th December.
15 ———	24th January, 1794.

Those who paid in the whole on or before the 12th of December were allowed discount at 3 per cent. per annum, from the day of completing the payment to the 24th of January, 1794.

The annual charge which the country was put to on account of this loan was:

	£	s.	d.
For interest..................	187,500	0	0
Management	2,812	10	0
Redeeming Fund of 1 per cent. ..	62,500	0	0
£	252,812	10	0

As a provision for which, the *temporary* taxes imposed for defraying the expenses of the armament in 1791 were now made *perpetual*. It was originally intended to have raised the loan on 4 or 5 per cent. stock; but, the embarrassed state of commercial credit having caused a scarcity of cash, the minister received offers from one set of subscribers only; and, as they preferred 3 per cents, it was judged expedient to conclude the bargain in that stock, on the above terms, which were between 4 and 5 per cent. under the market-price.

When the loan was first announced to the house, Mr. Pitt stated his intention of admitting the commissioners for liquidating the debt to subscribe for £1,650,000, which they were fully competent to have done from the increase of the fund, as appears by an account laid before the house on the 11th of

February. But this measure was relinquished, from the consideration that the daily purchases made by the commissioners contribute materially to keep up the price of the stocks, and that such subscription would delay the period when the 5 per cents would become redeemable.

The minister admitted that the terms of the loan were much more disadvantageous than might have been expected; but that, having done every thing in his power to excite a competition among the moneyed men without effect, they were the best he could procure.

The exchequer-bills of the preceding year amounting to £5,500,000 were discharged, and the like sum was raised by new exchequer-bills, (charged as usual upon the first supplies of the next session, with the collateral security of the Consolidated Fund,) viz. £4,000,000, as part of the ways and means, and £1,500,000 as a vote of credit.*

* In the act for granting the last mentioned sum, a clause was introduced of a much more important nature than appears to have been generally apprehended at that time; and, as I shall hereafter have occasion to notice its consequences, it may be proper to give some account of it. It had long been customary for the Bank to pay such Treasury bills of exchange as were directed to them till the amount was about £20,000 or £30,000, when it was usual for the Treasury to send down orders for the advances to be set off from the respective accounts to which the bills properly belonged. They sometimes exceeded the sum here stated, even in time of peace; but, when they amounted to near £50,000, it was generally a subject of complaint, and, in the course of the American war, they scarcely ever exceeded £150,000 at a time. The

The deficiency of grants for the year 1792 made good in this session was £225,325 : 2 : 4.

The sums granted out of the produce of the consolidated fund were £435,696 : 1 : 7¼, the surplus to 5th January, 1793; and £3,209,000 out of the surplus to arise from the 5th January, 1793, to the 5th April, 1794.

In the course of this session a new agreement was entered into with the East-India Company, by which the sum of £4,200,000, due from the public to them, was transferred from their management to the Bank of England. In 1750, the India Company had been empowered to raise money upon this debt by the sale of 3 per cent. annuities, transferable at the India-house,

amount of these advances in the last three years had been as follows:

On 25th February,	1790 ······	£ 20,468
	1791 ······	22,878
	1792 ······	26,999

As these bills were now likely to increase, the Bank directors were alarmed, lest they should incur the penalties of an act of 5 & 6 Will. & Mary, by which it was enacted, that, if the Bank should advance any sum of money, by way of loan or anticipation on any branch of the public revenue, except such on which a credit of loan is granted by parliament, they should forfeit treble the sum. They, therefore, suggested the propriety of introducing the above-mentioned clause, which provided, that the act of W. & M. should not be construed to extend to any past or future advances for the purpose of paying bills of exchange, accepted by or on account of the Lords of the Treasury, and made payable at the Bank of England, but not specifically charged or lent on any part of the public revenue.

and the capital actually sold was £2,992,440 : 5 : 0, on which government allowed them £1,687 per annum for management. These India-annuities, as they were commonly called, were subject to the same conditions of redemption as the original debt of £4,200,000. In 1791, the Speaker of the house of commons gave notice to the Company, pursuant to the order of the house, that the debt of £4,200,000, with all arrears of annuity thereon, would be redeemed and paid off on the 31st March, 1794; and, though it cannot be supposed that at the time of giving this notice there was any intention of carrying it into execution, and determining the Company, yet the proprietors of the India-annuities now contended that in consequence of it they looked to the payment of the capital due to them, at par, on the 31st of March, 1794. The principal grounds on which they justified this claim was, that, at the time of giving the notice, it was the general expectation that the 3 per cents would soon be above par; and that, therefore, had no other arrangement been made, they would have been paid off at a considerable loss, while, on the other hand, they could derive no benefit whatever from the new agreement, which prevented them from being paid. It was not, however, thought proper, under the present circumstances, to comply with the claims of the India-annuitants; but an act was passed, by which the whole debt of £4,200,000 was, from the 31st of August, 1793, engrafted upon and consolidated with the 3 per cent. Reduced Bank Annuities:

which engraftment and consolidation was to be deemed and taken to be a redemption of the debt of £4,200,000 between the public and the Company, and the allowance of £1,687 per annum to them for management to cease. The proprietors of the India-annuities, therefore, had 3 per cent. Reduced Annuities in lieu of their former stock, and the Company became proprietors of £1,207,559 : 15 : 0 in the same stock, on which they now receive the interest from the Bank.

The check given by the war to mercantile speculation, which had been carried to a great extent, produced a considerable shock to the system of paper-credit. The number of bankruptcies exceeded what had ever before been known,* and parliament found it necessary to issue exchequer-bills for the support of private credit, which was soon found effectual in stopping the progress of the evil, which appeared to threaten ruin to the whole commercial interest. The sum allowed to be issued was £5,000,000, but there was lent upon different applications £2,202,000 only; of this the merchants in the capital received about £1,000,000; at Manchester, about £250,000; at Liverpool, about £130,000; and at Bristol, only £40,000. There were applications for £1,215,100

* In April there were 188 bankruptcies, in May 209, and in the whole year 1304, besides a great number of temporary stoppages. Even the Bank of England found their cash and bullion in the beginning of 1793 reduced very much below their ordinary amount. They, however, considerably increased their discounts.

more, but they were withdrawn, and 49 were refused for want of proper security. The bills carried interest at $2\frac{1}{2}d.$ per cent. per diem: but the interest paid by the borrowers was 5 per cent. per annum, so that government derived a profit of rather more than £4,000, after paying all expenses.

1794.—The next session began 21st January, and the budget was brought forward on the 4th February. Although in the preceding year the forces had been increased considerably beyond the number voted, yet a much greater augmentation was thought necessary for the prosecution of the war on the continent; the sum to be raised by loan was, therefore, £11,000,000, which was obtained on the following terms: Every contributor of £100 to have £100 three per cent. Consolidated Annuities, to commence from 5th January; £25 four per cents, from 10th October, 1793; and an annuity of 11 *s.* 5 *d.*, for $66\frac{1}{4}$ years, from 10th October, 1793. The instalments to be made as follows:

10 per cent.	deposit.
10 ———	15 h April.
10 ———	6th June.
10 ———	18th July.
15 ———	29th August.
15 ———	17th October.
15 ———	28th November.
15 ———	13th January, 1795.

Those who paid in the whole at any time before the 27th November were allowed discount at 3 per cent. per annum, from the day of completing their

payment to the 13th January, 1795. The annual expense was:

	£	s.	d.
For interest	502,791	13	4
For management	6,893	18	1½
Redeeming Fund	147,180	0	0
	£ 656,865	11	5½

The act for establishing this loan was the first passed in the session, an evident proof that the Treasury was much in want of money; which, indeed, might be presumed from the Bank advances having increased on the 25th February to £9,786,514, by means of the clause in the exchequer-bill act of the last session, under which the advance on Treasury bills of exchange now amounted to £717,175.

As the navy-debt had increased considerably in the last year, a part of it was now funded, consisting of navy and victualling bills, made out to the 31st of March, 1793; for the principal of which, with interest to the 1st of March, 1794, the holders were allowed 5 per cent. stock, at the rate of 101 per cent. with the interest thereon from the 5th of January. The amount of the bills thus cancelled was £1,907,452 : 5 : 7, and the capital of stock created £1,926,525 : 12 : 5: the interest and management on which amounts to £97,193 : 4 : 3½ per annum, and the fund of one per cent. for the redemption of the capital to £19,265 : 5 : 0 per annum, making a total annual charge of £116,458 : 9 : 3½.*

* The act was passed the 4th of April, and the time allowed for

As the interest on the Navy-bills hitherto issued did not commence till the expiration of 15 months from their dates, and as the time of payment was very uncertain, they were frequently at a considerable discount, which, of course, made the debt increase the more rapidly, government being under the necessity of allowing the current discount in the bills issued. An attempt was now made to remedy this evil, by a clause inserted in the funding-act, as follows: "And "whereas it is expedient to provide for the regular "payment in course, at stated periods, of all navy "and victualling bills that shall be issued in future; "be it further enacted, by the authority aforesaid, "that, from and after the 5th day of April, 1784, all "bills, registered in the course of the navy and vic-"tualling, shall be made payable on a certain day, "to be expressed in each particular bill; which day "shall not be later than 15 months from the date of "such bill; and that the interest on such bills as "usually carry interest shall commence from the "day on which the said bills shall be registered, and "shall be paid at such stated periods as shall be in-"dorsed in writing on such bill at the time of issuing "the same."

The exchequer-bills of the preceding year were discharged in course, amounting to £5,500,000, and

carrying in the bills was on or before the 12th April; but it was afterwards thought proper to pass another act, extending the time to 1st July.—The new stock was added to the former 5 per cents, with the same condition of being irredeemable till 25 million of the 3 or 4 per cents be paid off.

only £3,500,000 raised by new bills, carrying interest at the rate of 3 *d.* per day, as part of the ways and means; but the vote of credit being increased to £2,500,000 made the total sum raised by exchequer-bills greater than before.

The sums granted out of the Consolidated Fund were, the surplus of £231,841 : 16 : 10, remaining in the Exchequer on the 5th April; and £2,697,000 out of the growing surplus, which the Treasury were empowered to raise by loans or exchequer-bills. The deficiency of grants for 1793 made good was £475,022 : 13 : 10½.

In the course of this session a motion was made for appropriating certain parts of the salaries of sinecure places and pensions to the public use during the continuance of the war: it is scarcely necessary to say, that the motion was negatived.*

The next session began 30th of December, 1794, and, notwithstanding the discouragements of the last campaign, an augmentation of the forces was voted for the prosecution of the war. As some of our allies had, from interest or necessity, forsaken the *common cause*, it was thought adviseable to secure the co-operation of the Emperor, by permitting him to borrow in this country the money necessary for

* The government of Spain soon after took the credit of actually *adopting* this measure, by imposing a tax of 25 per cent. upon all places, salaries, and pensions, whatever, for the support of the war; and ordaining, that no person whatever should receive more than *one salary*, though possessed of various employments under the government.

defraying his expenses. A loan to the amount of £3,000,000 sterling had been negociated in London, through the house of Boyd, Benfield, and Co. who had remitted the money to the Imperial government; but this transaction was of a private nature, without any security from, or even the direct sanction of, the government of this country. The Octroi, or engagement, respecting the loan, is dated the 18th May, 1794; and it may be supposed that by the beginning of 1795 the whole sum was expended, as it was found necessary to make some temporary advance for the supply of the Austrian army. It appears, that the effects of the loan were sufficient to excite, in the opinions of those best acquainted with the subject, some apprehensions respecting the consequences of any future measure of the kind: accordingly, on a farther loan of the same nature being suggested, the court of directors of the Bank, on the 15th January, directed the governor and deputy-governor to take an early opportunity of informing the Chancellor of the Exchequer, that, being desirous at all times to give every assistance and accommodation to the public service, they think it proper, at this period, when a loan for a foreign state, to the amount of £6,000,000, and one for our own national wants of £18,000,000, are about to be raised, "to bring to his consideration, "that it is their wish that he would settle his arrangements of finances for the present year in such "a manner as not to depend on any farther assistance from them beyond what is already agreed for;

"and, particularly, that the stipulations for the future advances to be made by them, if necessary, "for the payment of Treasury bills of exchange, be "strictly adhered to, as they cannot allow that advance at any time to exceed the sum of five hundred thousand pounds." The rapid increase of the advances on treasury-bills will appear on referring to the accounts of the last two years: on the 1st January, 1795, it amounted to £1,979,296 : 9 : 9; and, on the 15th, when the above representation was agreed upon, it had increased to £2,234,290 : 0 : 6; this amount the Chancellor of the Exchequer said he was going to reduce immediately, but it might not be in his power to bring it down to the sum stipulated till after the first payment on the ensuing loan.

The court of directors, on the 16th of April, again directed the governors to wait on Mr. Pitt, and mention the uneasiness they felt on being left so long in advance to so large an amount on the treasury-bills. Mr. Pitt, appearing fully convinced of the propriety of the representation, said, he would order £1,200,000 to be paid to the Bank on that account immediately.

On the 23d of February, Mr. Pitt brought forward the budget, and stated to the house the terms of the loan of £18,000,000, as follows: Every £100 advanced to entitle the contributor to £100 three per cent. annuities, commencing from 5th January; £33 : 6 : 8, four per cent. annuities, from 10th October, 1794; and 8*s.* 6*d.* annuity for 65¼ years, likewise commencing from the 10th October, 1794;

with a condition, that every contributor of £100 should be at liberty to contribute £33 : 6 : 8 to any loan, not exceeding £6,000,000, for the service of the Emperor; and, in case no loan to the Emperor should be guaranteed by parliament, each subscriber to have for every £100 a farther long annuity of 4*s.* 6*d.* or, if the loan should be less than six million, a farther annuity in the proportion of 6*d.* per cent. for every £750,000, which the proposed loan should fall short of six million. The instalments were as follows:

10 percent.	deposit.
10 ———	17th April.
10 ———	12th June.
10 ———	17th July.
15 ———	28th August.
15 ———	23d October.
15 ———	27th November.
15 ———	15th January, 1796.

Those who paid in the whole before the 20th of March were allowed discount at 3 per cent. per annum, from the 23d of January, 1795, to the 15th of January, 1796; and those who paid in the whole before the 27th November were allowed discount at the same rate per cent. from the day of completing the payment to the 15th January, 1796. The yearly charge incurred was:

	£	*s.*	*d.*
For interest	865,500	0	0
Management	11,761	17	6
Redeeming fund ..	252,835	0	0
£	1,130,096	17	6

As the loan to the Emperor, which was afterwards guaranteed, was only £4,600,000, the additional long annuity granted to the subscribers, agreeably to the above conditions, was 1*s*. per cent.

At the time of communicating the terms of the loan, the Chancellor likewise stated his intention of funding part of the navy-debt. The conditions upon which this measure was carried into execution were: that the holders of all navy and victualling bills, which were made out on or before the 30th of September, 1793, who should on or before the 1st of May carry the same to the respective offices, having the interest thereon computed to the 10th of March, should have, for every £100 principal, £108 five per cent. stock, bearing interest from the 5th of January, and irredeemable, like the former 5 per cents, till 25 million of the public debts, bearing 4 or 3 per cent. interest, shall have been redeemed. The amount of the bills thus cancelled was £1,490,647 : 6 : 6, and the capital stock created £1,609,897 : 17 : 1; the interest and management on which amounts to £81,219 : 6 : 11 per annum, and the fund of 1 per cent. for the redemption of the capital to £16,098 19 : 6, making an annual charge of £97,318 : 6 : 5.

On the 19th of May, an act was passed for making part of the capital of two loans for the use of the government of Ireland transferable, and the annuities thereon payable at the Bank of England; a measure attended with the same effect as the Imperial loan, as it caused a very considerable sum in specie to be sent to Ireland.

On the 4th of February, a message from the king was laid before parliament, respecting the intended loan to the Emperor; it stated his Imperial Majesty's inclination to make the greatest exertions in the common cause in the ensuing campaign; these exertions, however, required a loan of four million, on the credit of the revenues of his hereditary dominions, guaranteed by his Majesty. This would enable him to bring against the common enemy 200,000 men; but, as his Majesty thought a similar loan to a larger extent would enable the Emperor to employ a still more considerable force, he had desired his minister at Vienna to express his readiness to recommend such an arrangement to parliament. The farther consideration of the subject was postponed till the 28th of May, in order that an account of the advances which had been made might be laid before the house.

In the beginning of that month a new arrangement had been concluded at Vienna for a farther loan of £1,600,000, through the house of Boyd, Benfield, and Co. and, at the same time, a convention between the King of Great Britain and the Emperor was signed, in which the former engages proposing to parliament to guarantee the regular payment of the half-yearly dividends on the sum of £4,600,000 sterling, the amount of the two loans; "his Imperial Majesty solemnly engaging to his Britannic Majesty, that he will make due provision for the regular discharge of the payments which shall become due in consequence of the said loans, so as

"that those payments shall never fall as a burthen "on the finances of Great Britain." An act was accordingly passed, by which the subscribers to the loan of £18,000,000 were entitled, for every £100 subscribed, to subscribe the farther sum of £25 : 11 : 1⅓ towards the loan for the Emperor; and, in case of default in payment of the interest and annuity stipulated to be paid, on the part of the Emperor, half-yearly, on the 1st of May and 1st of November, the same is to be paid to the holders of the stock on the 5th of July and 5th of January, respectively, out of the Consolidated Fund. The loan is secured upon all the revenues of the different hereditary dominions of his Imperial Majesty, with the collateral security of mortgage-actions of the bank of Vienna, deposited in the Bank of England, for a sum in the proportion of four to three of the loan; and, in case the payments should fall upon the British government, they may sue the receivers or treasurers of the Imperial revenues, and negociate the actions on the bank of Vienna, or claim upon them. The capital of 3 per cent. stock, created by this loan, was £3,833,333 6 : 8, which, though sold at the rate of 60 per cent. is redeemable at *par*; the Emperor, however, engages to remit, *monthly*, the sum £7,666 : 13 : 4, to be applied to the buying up of the stock at the market-price; which sum, with the dividends of the stock bought up, is to form a Sinking Fund for the gradual redemption of the capital. As the English and Imperial loans were taken by the same subscri-

bers, the whole was £22,600,000, and every £100 omnium consisted of

£	s.	d.	
75	0	0,	Three per cent. Consols.
25	0	0,	Four per cents.
0	7	1½,	Long Annuity.
15	19	5⅓,	Imperial 3 per cents.
0	19	2,	Imperial Annuity.

The consequences of the Imperial and Irish loans, which caused a considerable exportation of specie and bullion, soon began to appear in the rise of the price of gold, which got to upwards of £4 : 3 per ounce, and the Bank experienced a very large and continued drain; in consequence of which, on the 8th of October, they made a representation to Mr. Pitt, reminding him of their having announced to him in the beginning of the year their apprehensions from the Imperial loan. On the 23d, the Governor of the Bank acquainted him, that the drain of cash continued, and was likely to do so while the bills from abroad were drawn on the Treasury; and that, notwithstanding the repeated promises of reduction, the Bank were still in advance above a million and a half on these bills. Under these circumstances it is evident, that little present assistance could be expected from the Bank; and, as a considerable sum would soon be found necessary to supply the unparalleled expenditure of the war, it was thought necessary to assemble parliament on the 29th October, 1795.

I shall make no observations on the variable object of the war; it is sufficient to observe, that, although our allies, the Dutch, on whose account we entered into it, had now become our enemies, the war was to be continued; and his Majesty, in his speech to the commons, expressed his deep concern, that the exigencies of the public service would require farther additions to the heavy burthens which had been unavoidably imposed on the people.*

Of the nature of these burthens the public were soon made acquainted, as the budget for the ensuing year was brought forward on the 7th of December, being much earlier than the financial arrangements are usually laid before the house. The loan amounted to £18,000,000, on the following terms, viz. Every £100 advanced to entitle the contributor to £120 three per cent. Consolidated Annuities, from 5th of July, 1795; £25 three per cent. Reduced Annuities, from the 10th of October, 1795; and 6*s.* 6*d.* annuity, for 64¼ years, from the 10th of October, 1795. The payments as follows:

* Nothing shews the power which parliament have of late years permitted the minister to assume in disposing of the public money, and the consequent little importance of appropriation-acts, than the great increase of the sums expended without the previous consent of parliament, under the title of *extraordinaries;* a practice which had been carried to a most dangerous height in the American war, but was now extended much farther: the sums thus expended nearly equalling those granted on estimate.—See *The Substance of a Speech made in the House of Peers, on* 13*th May,* 1796, *by the Earl of Lauderdale.*

10	per cent.	10th December.
10	———	20th January, 1796.
10	———	18th March.
10	———	20th May.
15	———	22d July.
15	———	9th September.
15	———	11th November.
15	———	16th December.

Those who paid in the whole before the 30th of December, 1795, were allowed discount, at *three and a quarter* per cent. per annum, from the day of completing the payment to 16th December, 1796; and those who paid in the whole before the 10th of November, 1796, were allowed the usual discount, at 3 per cent. per annum, from the day of completing the payment to the 16th December, 1796. The terms of this loan excited considerable discussion; and it appears evident from them, that Mr. Pitt, who had formerly strongly reprobated borrowing in the 3 per cents had now changed his opinion. For £18,000,000 advanced, a capital was created of £26,100,000, besides the Long Annuity of £58,500; but the principal subject of animadversion was some particular circumstances attending the transaction. It appeared, on the investigation of the business, that Mr. James Morgan would have taken it at 3 *s.* Long Annuity per cent. less; but the minister thought himself under some obligation to acceed to the proposal of the subscribers to the last loan. The bargain was concluded on the 25th November; a short time before which the commissioners for liquidating

the debt, who had hitherto made all their purchases in the 3 per cents, began to purchase in the 4 per cents, which naturally raised the latter, and contributed to depress the former, so that upon a message to parliament, and the commissioners resuming their purchases in the 3 per cents, the Omnium got up to a high premium.

The exchequer-bills of the preceding year, amounting to £6,000,000, were discharged in course; and it was proposed to raise the same sum by new bills, viz. £3,500,000 as part of the ways and means, and £2,500,000 as a vote of credit.*

Previous to the opening of the budget, the Bank had communicated to the minister their fears respecting *an intended farther loan to the Emperor;* stating, that, from the effects of the Emperor's last loan, and the continual drain of bullion and specie which they still experienced, they had "*the most cogent reasons to "apprehend very momentous and alarming consequen-"ces*" from such a measure. These representations induced the minister to defer the intended Imperial loan; but this alone was not sufficient to avert the inconveniences which the Bank were likely to experience. Their cash and bullion had diminished in the course of the year about one half, while the advances to government had greatly increased, and

* The Bank had informed Mr. Pitt, in November, that it would be absolutely out of their power to make the usual advance on the vote of credit of £2,500,000, which it was supposed would be proposed.

amounted, on the 19th December, to £12,846,700, and this increase had been principally on Treasury-bills of exchange, notwithstanding the court of directors had a few months before informed the minister, that they had determined to give orders to their cashiers to refuse payment of all such bills whenever the advance thereon exceeded the sum of £500,000. Under these circumstances the directors thought proper to lessen their discounts very considerably; and, on the 31st of December, a notice to this effect was ordered to be stuck up in the discount-office.*

* The large sums of money which had been sent abroad caused a considerable scarcity, and the great diminution of mercantile discounts at the Bank increased the distress; in consequence of which a meeting of some of the principal merchants and bankers was holden, at the London Tavern, on the 2d of April, 1796, who passed several resolutions on the subject, and appointed a committee to consider if any means could be devised "for augmenting the circulating "medium of the country, so as to restore it to what it was previous "to the late resolution of the Bank of England for diminishing their "discounts, without infringing the exclusive privilege of banking, "granted to the Bank of England, and without violating any prin-"ciple of public faith or confidence."

On the 5th of April, the committee had an interview with the Chancellor of the Exchequer, to propose the establishment of a board for issuing promissory notes, payable in six months from their dates, and bearing interest at 1¼*d.* per cent. per day; they learnt, that the Bank directors had proposed, as the best remedy for the scarcity of money, that the floating debt should be funded, which the minister said he would try first.

From the objections that had been made by the Bank to a farther Imperial loan, the project was afterwards formed of assisting the Emperor to raise a loan in Germany by the guarantee of the parliament of this country; but this scheme appeared almost equally objectionable; and, on the 14th of January, 1796, the Bank committee of treasury gave it as their opinion, that it should be represented to the Chancellor of the Exchequer, that they could not view this proposal in any light which would not, one way or other, be detrimental to this country, even if a law were to be passed to prevent British subjects from taking any share therein. Finding (notwithstanding their representations, which every day appeared to confirm,) that the minister still retained the idea of giving farther assistance to the Emperor, the court of directors, on the 11th of February, resolved, "That it is the opinion of this court, founded upon its experience of the effects of the late "Imperial loan, that, if any farther loan or advance "of money to the Emperor, or to any other foreign "state, should, in the present state of affairs, take "place, it will, in all probability, prove fatal to the "Bank of England. The court of directors do, "therefore, most earnestly deprecate the adoption "of any such measure; and they solemnly protest "against any responsibility for the calamitous con- "sequences that may follow thereupon."

On the 18th of April, Mr. Pitt brought forward a *second*, or supplementary, budget, a circumstance before unknown in the financial history of this coun-

try. In order to provide for additional extraordinaries of the army and navy, and for £1,000,000, which, from the high discount on exchequer-bills, it was not thought adviseable to raise on those securities, it was found necessary to negociate a farther loan of £7,500,000, which was raised on the following terms: Every £100 advanced to entitle the contributor to £120 three per cent. Consolidated Annuities, from the 5th of January; £25 three per cent. Reduced; and 5*s.* 6*d.* Long Annuity for 63¼, from 5th April; the deposit was 10 per cent. to be paid the 26th of April; the subsequent instalments as follows, viz.

15	per cent.	27th May.
15	———	23d June.
15	———	29th July.
15	———	19th August.
15	———	23d September.
15	———	26th October.

Those who paid in the whole on or before the 22d September were allowed discount at 3 per cent. per annum, from the day of completing the payment to the 26th of October.

The holders of exchequer-bills, made out pursuant to the exchequer-bill acts of the preceding year, or the vote-of-credit act, or on the credit of the Consolidated Fund, were at liberty to pay in the same as cash in making their payments.

The Omnium of this loan was at first at a premium of 2½ per cent. but soon fell to a discount.

The Navy-debt, on the 31st December, 1795, was £10,788,984 : 14 : 5½, of which upwards of two million and a half was left unprovided for. The amount of the bills issued, from 31st December, 1795, to 1st of April, 1796, was as follows:

	£	s.	d.
Navy-bills......	1,017,230	12	8
Victualling-bills	1,049,395	11	6
Transport-bills ..	755,763	10	4
£	2,822,389	14	6

In order to diminish the amount of this floating debt, it was now resolved to fund all the bills (except those in the hands of the Bank) which were made out on or before the 30th September, 1795, amounting to £4,331,141 : 14 : 10. But, as it was evident that it would have been an unfair advantage to allow the holders of those lately issued to fund them on the same terms as those nearly due, they were divided into two classes; the first, containing the bills made out on or before the 31st of May, 1795, to have £105 five per cent. stock for every £100 of principal and interest; the other class, consisting of those bills made out after the 31st of May and on or before the 30th September, 1795, to have £104 five per cent. stock for every £100. The interest on the bills was allowed to the 30th of April, and the interest on the stock commenced from the 5th January. The amount of the bills thus cancelled was

£4,226,796 : 14 : 0, and the capital stock created thereby £4,414,074 : 4 : 6; the interest on which amounts to £222,690 : 0 : 10½, and the fund of one per cent. on the capital to £44,140 : 14 : 10 per annum.

The Navy-debt being thus reduced, and loans having been negociated to the enormous amount of £25,500,000, it could hardly have been expected that government would experience any want of money: yet the payments on the loans did not by any means come in sufficiently fast to supply the increasing expenditure, and the minister was under the necessity of making several applications to the Bank for assistance, although it must have appeared, had not the affairs of the company been thought an object of secondary consideration, that, under their present circumstances, the diminution of their advances, if not essential to their safety, would at least have been an infinitely more prudent measure than the increase of them. The minister strongly urged the necessity and importance of the public services, and his success in impressing this opinion on the court of directors will appear from their proceedings on the 26th of July, when, on agreeing to some farther advance, they ordered a memorial to be presented to Mr. Pitt, with a request that he would lay it before the cabinet, in which they declare, that nothing could have induced them to comply with the demand then made upon them "but the dread "that their refusal might be productive of a greater evil." The success of the directors to diminish

the amount of the advances to government was very inconsiderable, as may be seen from the following account of their amount at the beginning of each month, exclusive of the loan of £376,739 on unclaimed dividends in July, 1791.

		£
1796,	January	11,292,700
	February	11,499,700
	March	11,260,600
	April	11,168,700
	May	11,392,100
	June	11,248,300
	July	10,352,800
	August	9,306,500
	September	10,043,900
	October	8,946,600
	November	8,769,000
	December	10,818,500

1796.—The new parliament met on the 27th of September; but, as the usual formalities occupied several days, the king's speech was not delivered till the 6th of October. It held out the hope of peace by the intention of sending immediately a person to Paris, with full powers to treat for this object, while, on the other hand, it expressed the expectation of an invasion, and the probability of the war being extended, by our late ally, the king of Spain, engaging against us; and took no farther notice of the state of the finances than observing, with great satisfaction, that, notwithstanding the temporary embarrasments which had been experienced, the state of

the commerce, manufactures, and revenue, of the country, proved the real extent and solidity of our resources, and must be equal to any exertion which the present crisis might require.

The rise of the public funds, which the mission of Lord Malmsbury produced, happened very opportunely, as the immense quantity of navy-bills issued in the course of the year had brought them to a very high discount, which enabled purchasers to make at the rate of £18 : 16 : 4 per cent. per annum; so that government paid a more enormous interest on the money raised by these bills than even on those outstanding in January, 1784, as they did not then bear interest till 6 months after they were issued. Though the amount was now diminished, yet the necessity of taking so large a floating debt out of the market was evident. A meeting of the holders of navy and exchequer-bills was accordingly holden at the London Tavern, on the 26th of October, at which the Governor of the Bank read a letter which he had received from the Chancellor of the Exchequer, announcing his intention of funding all the navy-bills that would be outstanding on the 31st of the month, and all the exchequer-bills issued on the vote of credit for 1796. He was not authorised to offer any specific terms, but submitted the following, which, if approved of, he would present to Mr. Pitt for his concurrence. The navy and victualling bills to be divided into four classes, according to the times at which they were issued, and to be funded in 3, 4, or 5, per cent. stock, at the option of the holders; the

stocks being taken at the current price of the morning, viz. 3 per cent. Consols at 58, four per cents at 75, and 5 per cents at 88, making a deduction from each, according to the different classes, viz.

Navy-bills.	3 per cent.	4 per cent.	5 per cent.	
Class 1	56	72	84	Oct. Nov. Dec. 1795.
2	56½	72½	84½	Jan. Feb. Mar. Apr. 1796.
3	57	73	85	May, June, July.
4	57½	73½	85½	August, September, Oct.
5 per cent. exchequer-bills.	56½	72½	84½	

These terms were proposed to the house of commons on the 28th; on which occasion Mr. Pitt communicated the intention of adopting such regulations, in respect to the navy and exchequer bills to be issued in future, as he hoped would prevent the possibility of their falling so low as to be attended with material loss to the public, or injury to the national credit. He then moved, that provision be made for satisfying all navy, victualling, and transport, bills, made out on or before the 27th of October, 1796, amounting to £11,993,167 : 19 : 9, and also for exchequer-bills, amounting to £2,500,000. On the 31st, in the committee of ways and means, the resolutions were moved for funding the bills, allowing the holders, at their option, for every £100, the following sums of stock, agreeably to the terms above stated.

First Class.

	Capital. £	s.	d.	Interest produced. £	s.	d.
3 per cents	178	11	5	5	7	1
4 per cents	138	17	9¼....	5	11	1
5 per cents	119	0	11¼....	5	19	0

Second Class.

	£	s.	d.	£	s.	d.
3 per cents	176	19	9¾....	5	6	2
4 per cents	137	18	7¼....	5	10	4
5 per cents	118	6	10¼....	5	18	4

Third Class.

	£	s.	d.	£	s.	d.
3 per cents	175	8	9	5	5	3
4 per cents	136	19	8½....	5	9	7
5 per cents	117	12	11¼....	5	17	7

Fourth Class.

	£	s.	d.	£	s.	d.
3 per cents	173	18	3	5	4	4
4 per cents	136	1	1	5	8	10
5 per cents	116	19	2	5	16	11

The exchequer-bills were the same as the second class of navy-bills. The proportion of the capitals to each other, in the different classes, is by no means the same: for example, had the capitals of 4 and 5 per cents, in the fourth class, borne the same proportion to the 3 per cents as in the first class, they would have been as follows:

	£	s.	d.	£	s.	d.
3 per cents......	173	18	3	5	4	4
4 per cents......	135	5	3½	5	8	2
5 per cents......	115	18	9¾	5	15	11

This difference in the several classes was particularly pointed out by Mr. Fox, but it was, probably, not thought of sufficient importance to be worth correcting; in fact, though it gave a superior advantage to some of the bill-holders, it was but a very small part of the profit made by them, and of course lost by the public, in this transaction.

Amount of Bills cancelled by this Funding:

	£	s.	d.
Navy, victualling, and transport, bills	11,595,529	8	0
Exchequer-bills	1,433,870	0	0
	£13,029,399	8	0

Capital created in the different Stocks by Funding the above:

		£	s.	d.
Navy, victualling, and transport, bills.	3 per cents	16,437,273	1	0
	4 per cents	764,861	5	10
	5 per cents	2,024,228	18	9
Exchequer-bills.	3 per cents	1,999,699	4	4
	4 per cents	104,432	5	8
	3 per cents	270,202	4	8
		£21,600,697	0	3

Notwithstanding the removal of this great mass of floating debt from the market, the public funds, during the whole month of November, continued very

low, 3 per cents being about $56\frac{1}{2}$; 4 per cents $72\frac{1}{2}$; and 5 per cents about 85 : it was evident, therefore, that a loan to the required amount must be made on terms that would appear very disadvantageous : various schemes were, therefore, suggested for raising money by other modes, and the minister held several meetings with the principal bankers, and other moneyed men, at which the different plans were discussed and generally objected to. The terms finally agreed upon were transmitted by Mr. Pitt to the Governors of the Bank, in a letter dated 30th November, in which he states, that, "Under the present "circumstances, it seems of peculiar importance "that a mode should be adopted for the providing "for the service of the ensuing year, without incur-"ring so heavy an annual charge, and so great an in-"crease of capital, as would attend a loan, made in "the accustomed manner, at the present price of "the funds :" that, with this view, it was in contemplation to propose to parliament, that all persons possessed of a certain income should be *required* to lend a certain proportion, stated at *one-fourth*, to be repaid at a future period; but, as there was reason to believe that many individuals, without waiting for this measure being *enforced*, would voluntarily contribute in a larger proportion, he requested that the subject might be submitted to the consideration of the Court of Directors, and (if they thought fit) to the Court of Proprietors. Accordingly, a general court was holden on the following day, when the terms

were communicated, which were afterwards published in the public papers, viz.

Loan for the service of the year 1797.

Every person subscribing £100 to receive £112 : 10 in 5 per cent stock, to be irredeemable, unless with the consent of the owner, until the expiration of three years after the present 5 per cents shall have been redeemed or reduced; but with an option in the holder to be paid at par at his desire, on three months notice, at any shorter period, not less than two years from the conclusion of a definitive treaty of peace: payment in either case to be made in money, or, at the option of the holder, in 3 per cent stock, valued at 75. The deposit to be made on the 13th January, the second payment in March, and the remaining instalments between March and October following: the receipts not to be issued till after the second instalment, or till after £20 has been deposited on each £100: discount as usual on prompt payment: interest to commence from 10th October, 1796.

The subscription on these terms was immediately opened on Thursday, 1st December, and, before 12 o'clock on Monday the 5th, the whole £18,000,000 was subscribed, and many more subscriptions were offered; indeed, from the eagerness of some to display their loyalty, and of others to obtain a part of what they conceived might turn out a good speculation, it cannot be doubted but that a much larger sum might have been obtained. The East-India Company subscribed

£2,000,000, the Bank £1,000,000,* and most other public companies in smaller proportion. The instalments were afterwards fixed as follows:

10 per cent. 13th January.	15 per cent. 21st July.
10 ——— 17th March.	15 ——— 25th August.
10 ——— 21st April.	15 ——— 28th Sept.
10 ——— 2d June.	15 ——— 31st October.

As an encouragement to the subscribers to make immediate payments, those who paid in the whole, or any part, before the 13th January, 1797, were allowed discount at *five* per cent per annum on the sum advanced, from the day of paying the same to the 13th January; those who paid in 20 per cent. between the 13th January and 17th March were allowed discount at 5 per cent. on half the sum so paid in, from the day of paying the same to 17th March; and those who paid in the whole between the 17th March and 28th September were allowed discount at 3 per cent. from the day of completing the same to the 31st October: but, as by these terms those who paid in full before the 13th January would have had a less allowance than if they had completed subsequent to 17th March, the former were afterwards allowed the farther discount of 3 per cent per annum, on £90 per cent. so completed, from 13th Ja-

* The Bank paid up the whole of their subscription at once, to enable government to repay them £1,054,000 that remained of the bills on the Consolidated Fund 1795, and which were to have been discharged out of the last loan.

nuary to 31st October; and those who paid in the whole between 13th January and 17th March were allowed discount at 3 per cent per annum on £10 per cent from 17th March to 31st October, and at the same rate per cent per annum on £80 per cent. from the day of completing the payment to the 31st October.*

Government issued exchequer-bills, payable in three months, in anticipation of the payments on the loan, which were received in discharge of the instalments. These bills, though they carried an interest of about 5¼ per cent. and were for this short term, were, nevertheless, a few days antecedent to the 26th February, at a discount of 3 to 3½ per cent. which is equivalent to about 18 per cent per annum interest for money.†

On the 7th December Mr. Pitt brought forward the budget; on which occasion he proposed £1,023,000 to be repaid the Bank, and was under the necessity of confessing, that, in the course of the year, the ministry had, on their own authority, made several advances of money to the emperor, amounting to about £1,200,000. For this alarming stretch of ministerial power the sanction of parliament was afterwards obtained; and, on the 19th, in consequence of a mes-

* The subscriptions to this loan were soon after currently known by the name of *loyalty*, and many of the subscribers had much reason to repent of their bargain. There are some ingenious observations on the *nature* of such loans in the Earl of Lauderdale's *Thoughts on Finance*.

† Evidence of H. Thornton, 3d Rep. Com. Secrecy.

sage from his Majesty, proposing that he should be enabled to continue such temporary advances, the committee of supply voted £500,000 for this purpose, to be issued at such times and in such manner as his Majesty should see most proper. On the following day, previous to the report of the committee being taken into consideration, Mr. Nicholls moved, that the Governor and Deputy-governor of the Bank be required to attend at the bar of the house, to learn from them the reasons that induced them, in a former instance, to object to the measure of an Austrian loan, and whether these reasons had ceased to exist. Had it been thought proper to comply with this motion, it is probable, that the number of those who voted against the grant of farther advances would have been increased; but it cannot be expected that the measure would have been prevented.

A few days after parliament had confirmed this pernicious expedient for securing the continuance of the Emperor's efforts, proposals were circulated in London for raising a loan of £300,000, for the use of the Irish government, on stock transferable at the Bank of England: it was taken by Messrs. Robarts, Curtis, and Co. at £100 five per cent stock, and an annuity of £4 : 15 for 13½ years, for every £100 advanced. On such terms it is not to be wondered at that the loan immediately bore a premium of 7 per cent; but, though it thus afforded a great profit to the subscribers, it was attended with an evil to the country similar to that produced by the Austrian

loans, as it contributed to diminish our circulating specie.

On the 31st January, 1797, the Governors of the Bank again waited on Mr. Pitt, and represented to him how uneasy the court were at their large advances to government, and especially on the treasury-bills paid, which now amounted to £1,554,635, and would, in a few days, be augmented to £1,819,818, and required that some effective measure should be immediately taken for the payment of the *whole* of this sum, as had been so seriously promised them should be done at the opening of the year. On the following day, Mr. Pitt hinted that he should want some money to send to Ireland; on which the governor and deputy-governor both told him, that any farther drain of cash from the Bank would be very dangerous, as their cash had been materially lessened of late; and, on the 10th February, on consideration of the certainty that Mr. Pitt would be obliged to bring forward a loan for Ireland, to the amount of £1,500,000, the Bank resolved to request the repayment of upwards of seven million of their advances to government, as the only means which they could propose against the mischiefs they dreaded from the Irish loan. This intended loan was of a different nature from the loan of £300,000 before mentioned: it was to be negociated by the government of this country for the purpose of making advances to the Irish government; and, as it appeared most adviseable to unite it with the farther loan that would be necessary for this country, the suggestion was communi-

cated to the Bank. On the minister's letter being laid before the Court of Directors, they approved of the plan of uniting the loans, but added, "They must "repeat their apprehensions, that any measure which "tends to carry money out of the country is replete "with alarming consequences to the Bank of Eng-"land."

About this time the apprehension of the French attempting a descent on our coast, which was naturally increased by the precautions of government, rendered many of the principal farmers in the maritime counties anxious to dispose of their stock and get *cash* into their hands; this produced a run upon some of the country banks, and particularly upon those at Newcastle, who were under the necessity of deferring the payment of all large sums till they could obtain a sufficient supply of specie from London.* The orders from the country banks to sell out stock, for the purpose of sending them cash, and a farther loan for government of upwards of 10 million, being at the same time in agitation, caused a great depression of the funds; and on Saturday, the 25th February, 3 per cent Consols were so low as $50\frac{1}{4}$; 4 per cents $65\frac{5}{8}$; and 5 per cents $75\frac{1}{4}$.† The de-

* "Persons of almost every description caught the alarm:— "tradesmen, mechanics, and particularly women and farmers, "(to whom I am ashamed to add many of a superior class and "rank,) all wanted guineas, for the sole purpose of hoarding." *Observations on the Establishment of the Bank of England, &c.* by Sir Francis Baring.

† The want of punctuality on the part of government, with respect

mand for cash upon the Bank of England continued to increase, and they are said to have issued, in the course of this week, near a million in specie, and to have had remaining on the 25th about £1,272,000 in cash and bullion,* while their notes in circulation amounted to £8,640,250. This circumstance, and the probability of the run continuing, and perhaps increasing, excited general alarm; and, on the following day, the Governors and some of the Directors of the Bank attended on the minister, and had a consultation upon the subject. The privy council met, and an order was passed, and immediately transmitted to the Bank, requiring them to suspend their payments of cash till the opinion of parliament could be taken. The Directors caused the order to be printed, with a few prefatory lines, informing the public, that the affairs of the Bank were in the most prosperous situation, &c. The paper was distributed by 10 o'clock on the morning of the 27th in the court-yard of the Bank, where hundreds went to obtain the ominous hand-bill. Not a guinea was to be seen in the cashier's office, where it had generally abounded; however, with a few exceptions, individuals did not

to some navy and victualling bills that had lately become due and remained some days unpaid, perhaps contributed to the fall of public securities.

* The cash and bullion remaining was *greater* than the amount to which it had been reduced in 1783; but the *rapidity* of the drain now made it probable, that, if suffered to go on, the cash in the Bank would, in a very short time, be reduced below what might become absolutely necessary for the public service.

appear so alarmed as might have been expected, and the funds experienced a considerable *rise*, 3 per cent Consols were done from $50\frac{1}{2}$ to $52\frac{1}{2}$; 4 per cents from 66 to $67\frac{1}{4}$; and 5 per cents from $76\frac{1}{4}$ to $77\frac{1}{8}$; this rise was the natural consequence of the inability to procure cash for bank-paper, which put a stop to selling out for that purpose. The Bank, after this, considerably increased their discounts, which was a great accommodation to the mercantile world, who, being thus provided with an additional number of bank-notes, seemed to entertain little anxiety respecting the mode of effecting the smaller payments.

On the 28th, the house of commons appointed a secret committee of 15 members, to examine into the concerns of the Bank; and, in order to provide an adequate *circulating medium*, a bill was brought in to enable the Bank to issue notes under five pounds; *one* and *two* pound notes were accordingly prepared; the first of which were dated 4th March, and were issued to the *public* on the Monday following. On the same day, the Bank signified, by advertisement, that a quantity of *dollars* were ready to be issued, at 4*s*. 6*d*. each; but, by another advertisement of the same date, the issue of them was postponed till the 9th, and, in the interval, it was thought proper to fix the circulating value at 4*s*. 9*d*. each. The concourse of persons endeavouring to get these dollars was so great, for some time after they began to be issued, that several persons had their clothes torn, and other mischiefs were done, particularly on Saturdays, when

manufacturers had great need of them to pay their workmen.

The committee of secrecy immediately set about forming an abstract of the affairs of the Bank, in which they excluded the debt of £11,686,800, due from government to the company, and, on the other hand, the capital stock of £11,42,400, due to the proprietors, and thus made it appear, that, on the 25th of February, there was a surplus of effects belonging to the company beyond the aggregate of their debts, amounting to £3,826,890.* But, as the greater part of their effects consisted of advances to government, which could not be immediately repaid, the committee, soon after, in a second report, gave it as their opinion, that it was necessary to provide for the confirmation and continuance, for a time to be limited, of the measures taken in pursuance of the order in council;† and an act was passed, restraining them from issuing cash till the 24th of June next ensuing. Previous to which time, however, (partly in consequence of the advances to government being greater than when they first stopped payment,) it was deemed expedient to pass another act, extending the restriction till one month after the commencement of the next session of parliament. The Bank, in the mean time, were allowed to issue

* See *First Report from the Committee of Secrecy.* Ordered to be printed 3d March, 1797.

† See *Second Report from the Committee of Secrecy.* Ordered to be printed 7th March, 1797.

cash under certain conditions, and were prohibited from making any farther advances for the public service during the continuance of the restriction.

On the 26th, a notice from the Speaker of the house of commons was inserted in the London Gazette, signifying, that the Bank had notified to him, that they meant to issue gold coin to the amount of the dollars then in circulation, which had been stamped at the Tower: this had become highly necessary from the number of counterfeit dollars that had got into circulation; the Bank, accordingly, took in the good ones, during the month of October, and, at first, the croud of people who came to get rid of them was nearly as great as it had been to get them when first issued.

On the 24th of April, the terms of the loan of £14,500,000* were settled, as follows: Every £100 advanced to entitle the contributor to £125, three per cent. Consolidated Annuities; £50, three per cent. Reduced Annuities; £20, four per cent. Annuities; and an annuity of 6*s.* 6*d.* for 62¾ years: the interest on the 3 per cent consols to commence from the 5th of January; the 3 per cent. Reduced, 4 per cents, and Long Annuity, from 5th of April: and, as it was intended to raise a farther loan of £3,500,000 for the Emperor, a proviso was annexed, that, if provision should not be made for an Imperial loan to the amount proposed, a *deduction* of 6*d.* per cent. should be made from the Long Annuity

* Of this sum £1,500,000 was to be applied to the use of the Irish government.

of 6*s.* 6*d.* for every million that the Imperial loan should be less than three million and a half. The deposit was to be made on or before the 28th,* being 10 per cent. on the loan of £14,500,000, and at the same rate on the farther loan of £3,500,000, on condition, that, if the Imperial loan should be less than the sum proposed, the excess of the deposit should be carried to the account of the contributors, as part of the second payment. The subsequent instalments were fixed as follows:

10 per cent.	26th May.	10 per cent.	15th September.
15 ———	21st June.	15 ———	17th October.
10 ———	18th July.	10 ———	17th November.
10 ———	15th August.	10 ———	29th December.

Those who possessed exchequer-bills, made out under the act of this session, for raising £18,000,000, and which were dated previous to the 21st of January, or any of the exchequer-bills issued at par, from the 7th to the 26th of April, under an engagement, on the part of the Lords of the Treasury, to propose to parliament, that they should be received in payment on the loan,† were at liberty to pay in the same, as money, in the deposit on their subscription. It was afterwards thought proper to allow those who possessed exchequer-bills, dated after the 1st of May, which would become payable on the 25th of August, to pay in the same, as money, in the

* About £6,000,000 of the loyalty loan had at this time been paid into the Exchequer.

† These latter bills amounted to £422,000.

second payment on the loan, due the 26th of May. Those who paid in the whole of their contribution, in money or exchequer-bills, on or before the 17th of November, were allowed discount at the rate of *four* per cent. per annum, from the day of completing the same to the 29th of December; and those who paid in any part of their contribution before the days fixed were allowed discount on the sum so paid in advance, from the day of payment to the day on which such sum would have become due.

The bonus on this loan was stated by Mr. Pitt as follows:

	£	s.	d.
£125, 3 per cent Consols, at 50	62	10	0
50, 3 per cent. Reduced, at ditto	25	0	0
20, 4 per cents, at 64	12	16	0
6*s*. 6*d*. Long Annuities, at 14 years purchase	4	11	0
	£ 104	17	0

These prices were rather above the market; notwithstanding which, on the evening of the day on which the terms were settled, the loan was at a premium of 4½ per cent. the day following it got down to 1½ premium, and on the 26th was at *par*.

On the 1st of May, the house of commons took into consideration a message from his Majesty respecting the Imperial loan, and agreed to guarantee £3,500,000; being £1,620,000 for making good the sums that had been already advanced to his Imperial Majesty, and £1,880,000 to defray farther advances to be made in the course of the year, although

it was notorious that the Emperor was at this very time negociating a separate peace with the French. Preliminaries of peace being soon after signed, the loan was concluded for the amount of the advances only, being £1,620,000, which the subscribers to the English loan took, according to their agreement, at £226 : 10 : 0 three per cent. stock for every £100 advanced, the interest commencing from 31st of January, 1797; and, as the loan thus fell short of the sum originally intended, the Long Annuity on the English loan was reduced *6d.* per cent. according to the conditions of the subscription. The government of this country not only guaranteed the *payment of the dividends*, in the same manner as with respect to the Imperial loan of 1795, but, also, a *fund of one per cent.* on the nominal capital for the redemption of the same, to be paid quarterly out of the Consolidated Fund, and placed to the account of the commissioners for the reduction of the National Debt.

About the beginning of May, the fear of issuing specie, which the stoppage of the Bank had occasioned, began to subside, and some of the bankers ventured to pay small sums in gold; and, though the Bank continued issuing dollars, the demand for them was by no means so great as it had been. The funds continued very low; on the 4th, three per cent. consols were down to $47\frac{7}{8}$, but, on the hope of peace, they soon after got up a little.

1797.—Parliament met on the 2d of November; and, as the Emperor of Germany had concluded a

separate treaty of peace, and had not made his stipulated remittance to this country, which it is highly probable was not in his power, the dividend on the Imperial 3 per cents due 1st of November was not then paid, but was deferred till January, when it was discharged from the Consolidated Fund, agreeably to the conditions of the act by which it was guaranteed.

About the middle of November, a committee was appointed, to take into consideration the expediency of continuing the restriction, with respect to payment in cash at the Bank; and, upon the report of the committee, a bill was brought in and passed, continuing the restriction during the war, under certain conditions. This measure might appear of a more permanent nature than was requisite, as the Report of the Committee stated such a rapid improvement in the affairs of the Bank as seemed to justify the hope that they would soon be able to resume their usual functions. But, probably, Mr. Pitt thought it necessary that the Bank should be enabled to increase in safety the amount of their notes, in support of his new system of finance which he brought forward soon after.

The war had already added upwards of £155,000,000 to the public debt*, exclusive of terminable annuities; and it was evident, that very large sums would still be wanting: but, as the natural consequence of creating so much new stock was evident, in ha-

* Account, dated Exchequer, 29th December, 1800.

-ving produced a greater depression of the public funds than they had ever before experienced, the minister appears to have begun to feel some alarm at the tendency of his profusion, and to have entertained an apprehension, that the funding system had been extended nearly to its limits: he, therefore, now proposed to raise a more considerable part of the supplies within the year, and, for this purpose, to triple the assessed taxes, from which he thus expected to obtain £7,000,000. The act for carrying this project into execution was passed in the beginning of January, 1798, and it contained a clause for receiving at the Bank voluntary contributions from such persons as should be inclined to contribute more than the sum they would be assessed, or to pay their assessments in advance. Considerable exertions were made to excite the people to these loyal offerings, but with less success than some sanguine supporters of the measure expected.

The sum received in the first three months (to the 20th of April) was as follows:

	£	s.	d.
Voluntary contributions..........	1,083,840	13	2
On assessed taxes	646,516	3	8
	£ 1,730,356	16	10

And, by an account, dated Exchequer, 11th of February, 1800, it appears that the total amount was:

	£	s.	d.
Voluntary contributions..........	2,826,823	19	4½
Assessed taxes..................	3,004,873	2	10¼
£	5,831,697	2	2¾

This scheme reduced the sum which it would be necessary to raise by loan, but still a considerable one was unavoidable; therefore, as the debt was to continue increasing, it was thought necessary to adopt some counteracting measure for keeping up the price of the funds. Accordingly, on the 2d of April, Mr. Pitt proposed his plan for redeeming the land-tax, by which he flattered himself, (or at least told the public,) that about 80 millions of stock would be taken out of the market: if it succeeded only in part, it could not but have a favourable effect on the funds, and, under this impression, a loan of £17,000,000 was negociated soon after, (23d of April,) of which £2,000,000 was for Ireland.* The contract was made with Boyd & Co. and the bonus was stated as follows:

	£	s.	d.
£150 Consols, at 48½	72	15	0
50 Reduced,—47½	23	15	0
4s. 11d. Long Annuity, at 13 years purchase	3	3	11
Discount	3	0	0
	£ 102	13	11

* The sum actually paid into the Exchequer, on account of this loan, appears to have been £16,775,001 : 15 : 2.

The Bank were authorised to retain £3,000,000, which they had advanced on exchequer-bills, out of the instalments of this loan; but, soon after, it was communicated to the Company, that government wished them to receive new exchequer-bills instead of money, in lieu of those they held, which was agreed to.

On closing the session of parliament, (29th June,) his Majesty observed, that, "The provision which "has been made for the redemption of the land-tax, "has also established a system which, in its pro- "gressive operation, may produce the happiest con- "sequences, by the increase of our resources, the "diminution of our debt, and the support of public "credit." So far as the latter is indicated by the price of the funds, the *new system* certainly appeared to have a beneficial effect; for, on the 17th of August, 3 per cents got up to 50⅜, on the 3d of October to 51, on the 23d of October to 52¾, soon after to 53½, and on the 31st of October to 57½; but, as there was no solid ground for so great a rise, they soon began to fall again; and, on the day previous to the next meeting of parliament, were 54¼.

1798.—Parliament assembled on the 20th of November, and, on the following day, a meeting was held, at the Mansion-house, of some of the principal merchants, bankers, traders, and others, who resolved: "That the principle of finance, resorted to in "the last session, of raising a considerable part of "the supplies within the year, had contributed in "an eminent degree to the improvement of public

"credit and the advantage of the community." But they were of opinion, that an insufficient basis had been adopted as the foundation of the contribution; and, being impressed with full confidence that the resources of these kingdoms are adequate to the maintenance of our national honour and independence, think it proper to declare their readiness to give their utmost support to such measures as the legislature may deem best calculated to call forth those resources in a more equal and effectual manner. There can be little doubt that this meeting was convened at the request of the minister, to prepare the way for his intended *tax on income*, which he accordingly brought forward on the 3d of December. At the same time, Mr. Pitt stated the supplies for the ensuing year; but, notwithstanding the intimation that a loan of 14 million would be necessary, it was communicated to the Stock Exchange, on the following day, that, for the present he should negociate for only three million, and that a farther loan would be treated for in February.

The contractors had prepared their lists for 16 or 18 million, which of course they were obliged to reduce; and, on the 7th of December, the loan of £3,000,000 was settled at £100, three per cent. consols, and £87 : 9 : 6, three per cent. Reduced, for every £100; the amount being small, the whole was to be advanced in four instalments, and no discount was allowed for prompt payment.

By postponing the payment of £3,000,000 to the Bank, and obtaining a farther advance from them on

exchequer-bills, the loan, which it had been said would be negociated in February, was delayed till the 5th of June, when £15,500,000 was taken between three lists, at £125 three per cent. Consols, and £50, three per cent. Reduced, for every £100. It may be remarked, that, in this and the last loan, no *long annuity* was granted; and thus the system which had formerly been so much reprobated, even by Mr. Pitt, of borrowing on stock, bearing a low rate of interest, was fully established. The reason of this was, no doubt, that it was more agreeable to the stock-jobbers, and enabled the minister to make the *present* burthen of the loan as light as possible. £3,000,000 of this loan was for Ireland, and the income-tax was charged with the interest and redemption of a capital equal to the stock created by 11 million of the loan. The terms were certainly not so favourable to the subscribers as the last three, but stocks rose considerably the same day, and on the next the loan was 4½ and 5 premium. On the 20th of August it was at 19¾ premium, and on the 3d of September at 22¼, but fell the same day, and soon after more considerably, being on the 25th September only 6½ premium.

	£	s.	d.
The capital of 3 per cent. Reduced, transferred to the commissioners for reduction of the debt, for land-tax redeemed before the 10th of October, 1799, was	5,000,072	14	10
And of 3 per cent. consols, transferred in like manner, before 5th January, 1800	7,133,298	10	2

An Account of the National Debt, as it stood on the 5th of January, 1800.

	£	s.	d.
Bank of England	11,686,800	0	0
South-Sea Company	24,065,084	13	11½
3 per cents, 1751	1,919,600	0	0
3 per cent. Consols	257,617,570	14	5½
3 per cent. Reduced	74,023,948	16	4
4 per cent. Consols	45,269,859	17	2
5 per cent. Navy	28,125,582	19	7
5 per cents, 1797	20,124,843	15	0
3 per cents, 1726	1,000,000	0	0
Imperial 3 per cents	7,502,633	6	8
Unfunded debt, &c. about	20,000,000	0	0
	£ 491,335,924	3	1¾

The stock redeemed by the commissioners, to the 1st of February, 1800, amounted to £44,733,294.

THE END.

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O. C

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Grellier, John J.

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